



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BOARD OF PATENT APPEALS AND INTERFERENCES

Application No. **09/803,667**  
Inventor: David S. MILLER  
Confirmation No. 9714  
Filing Date: March 12, 2001  
Title FULLY-AUTOMATED SYSTEM FOR TAX REPORTING, PAYMENT  
AND REFUND AND SYSTEM FOR ACCESSING TAX  
INFORMATION  
Examiner Susanna M. DIAZ  
Art Unit 3692  
Attorney Docket No. 31921-169499  
Customer No. **26694**

**APPEAL BRIEF**

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Sir:

In response to the Final Office Action dated April 20, 2007, Appellant submits herewith an Appeal Brief in accordance with 37 C.F.R. § 41.37. Pursuant to 37 C.F.R. § 41.20(b)(2), please charge the required fee of \$255.00 (small entity). Appellant submits herewith a Petition for Extension of Time within the fifth month under 37 C.F.R. § 1.136(a) and associated fee of \$1,115.00 (small entity) under 37 C.F.R. § 1.17(a)(5). Any necessary additional fees are hereby authorized to be charged, and any overpayments credited to, our Deposit Account No. 22-0261, referencing our docket no. 31921-169499. The Notice of Appeal was timely filed on October 22, 2007, in accordance with 37 C.F.R. § 41.31(a)(3).

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<sup>1</sup> The Table of Contents is included for reference purposes only and not to limit the issues to be reviewed on appeal.

**I. REAL PARTY IN INTEREST – 37 C.F.R. § 41.37(c)(1)(i)**

The real party in interest is Simplification, LLC of New York, NY, the owner of U.S. Patent Application No. 09/803,667 by virtue of assignment from the inventor, David S. Miller of New York, NY, recorded June 22, 2001, at Reel 011919, Frame 0873.

**II. STATEMENT OF RELATED APPEALS AND INTERFERENCES – 37 C.F.R. § 41.37(c)(1)(ii)**

The above-named real party in interest, Simplification, LLC, (“Simplification”) filed a patent infringement action in the United States District Court for the District of Delaware against Block Financial Corporation (“Block”) on April 8, 2003, based on U.S. Patent No. 6,202,052 (hereinafter “the ‘052 patent”), the parent patent of the instant application. Civil Action No. 03-355-JJF. Block filed a request for reexamination of the ‘052 patent on July 11, 2003, which reexamination was granted by the Office on October 2, 2003, as Reexam Control No. 90/006,713. The parties filed a stipulation staying the case pending reexamination on November 21, 2003, the stay being granted on November 25, 2003. The Board of Patent Appeals and Interferences (“Board”) rendered a decision on July 31, 2007 in Reexam Control No. 90/006,713, reversing the Examiner on all grounds (Appeal No. 2007-0712). A copy of the Board’s decision is submitted herewith as **Attachment B** in the Related Proceedings Appendix. Simplification is awaiting issuance of the Reexamination Certificate.

Simplification also filed a patent infringement action against Block in the United States District Court for the District of Delaware on February 24, 2004, based on U.S. Patent No. 6,697,787 (hereinafter “the ‘787 patent”). Civil Action No. 04-114-JJF. The ‘787 patent issued from a continuation application of Application No. 09/073,027, now the ‘052 patent. Block filed a request for reexamination of the ‘787 patent on March 15, 2004, which reexamination was granted by the Office on June 3, 2004, as Reexam Control No. 90/006,969. The case was stayed pending reexamination on May 10, 2004. The Board rendered a decision on July 31, 2007 in Reexam Control No. 90/006,969, reversing the Examiner on all grounds (Appeal No. 2007-0518). A copy of the Board’s decision is submitted herewith as **Attachment C** in the Related Proceedings Appendix. Simplification is awaiting issuance of the Reexamination Certificate.

On October 31, 2007, a status hearing was held in the United States District Court for the District of Delaware. As a result of the status hearing, both of the foregoing litigation matters have been resumed and consolidated. A trial date has been scheduled for February 9, 2009. A copy of the transcript of the hearing is submitted herewith as **Attachment D** in the Related Proceedings Appendix. Subsequently, the court issued a Scheduling Order on December 7, 2007. A copy of the Scheduling Order is also submitted herewith as **Attachment E** in the Related Proceedings Appendix. By stipulation of the parties, the date for filing claim construction briefs was extended to May 13, 2008. A copy of the stipulation



is submitted herewith as **Attachment F** in the Related Proceedings Appendix.

Simplification also filed Application No. 10/782,977 on February 23, 2004, as a continuation application of Application No. 09/776,707, now the '787 patent. Application No. 10/782,977 was finally rejected on December 22, 2005, and is currently on appeal before the Board (Appeal No. 2008-0174), the Reply Brief having been filed on June 4, 2007.

Simplification also filed a divisional application, Application No. 10/978,430, from the instant application, on November 2, 2004. Application No. 10/978,430 was finally rejected on July 5, 2006, and is currently on appeal awaiting decision by the Board (Appeal No. 2007-4113), a waiver of hearing by Appellant having been filed on April 21, 2008.

As of May 22, 2008, the filing date of this Appeal Brief, there are no other appeals, interferences or judicial proceedings known to the Appellant/Applicant or Appellant/Applicant's legal representatives that will directly affect or will be directly affected by or have bearing on the Board's decision in this appeal.

**III. STATUS OF CLAIMS – 37 C.F.R. § 41.37(c)(1)(iii)**

Pending claims 1-7, 11, 13, and 35-50 have been finally rejected, and are appealed.  
Claims 8-10, 12, and 14-34 remain canceled (*see* Amendments dated June 1, 2005, and June 29, 2006).

**IV. STATUS OF AMENDMENTS – 37 C.F.R. § 41.37(c)(1)(iv)**

No responses have been filed subsequent to the Examiner's final rejection dated April 20, 2007, other than the Notice of Appeal which was timely filed on October 22, 2007.

**V. SUMMARY OF CLAIMED SUBJECT MATTER – 37 C.F.R. § 41.37(c)(1)(v)**

**A. The Independent Claims on Appeal – Claims 1, 11, 13, 42, 45, 48**

The following explanation of the claimed subject matter, with reference to the specification and drawings of the instant application, is by way of example and for explanation only. The invention is not limited to the disclosed embodiments, and certain elements may be found in more than one of the disclosed embodiments.

**Claim 1**

Claim 1 recites a method for collecting tax information by a tax information requestor 40 (*see, e.g.*, FIG. 3; page 7, lines 15-21; page 9, lines 6-7). The method comprises:

- connecting electronically said tax information requestor 40 to an electronic intermediary 21 (*see, e.g.*, FIG. 3; page 17, lines 21-23; page 9, lines 19-21; page 18, lines 1-5; page 12, lines 11-16);
- collecting electronically at least one of an electronic tax return or tax data of a taxpayer 20 from said electronic intermediary 21, wherein said electronic tax return and/or tax data is electronically provided to said electronic intermediary 21 by a tax data provider 43, 44 (*see, e.g.*, FIG. 3; page 16, lines 16-18; page 17, lines 1-2; page 18, lines 1-5; page 12, lines 11-16; page 9, lines 17-19; page 9, line 21 – page 10, line 3); and
- performing a check of said taxpayer 20 by said tax information requestor 40 using said electronic tax return or tax data collected electronically (*see, e.g.*, FIG. 3; page 17, lines 2-3; page 18, lines 16-17),
- wherein said check is not used to compute taxes of said taxpayer 20 (*see, e.g.*, page 16, line 23 – page 17, line 1), wherein said tax information requestor 40 is not a taxing authority (*see, e.g.*, page 16, lines 19-21; page 17, lines 9-13 and 21-23), and wherein said electronic intermediary 21 stores said electronic tax return or tax data (*see, e.g.*, page 16, lines 16-18; page 18, lines 1-5).

**Claim 11**

Claim 11 recites an apparatus for collecting tax information by a tax information requestor (*see, e.g.*, FIG. 3; page 7, lines 15-21; page 8, lines 11-12; page 9, lines 6-7) comprising:

- means 40, 41, 21 for connecting electronically said tax information requestor 40 to an electronic intermediary 21 (*see, e.g.*, FIG. 3; page 17, lines 21-23; page 9, lines 19-21; page 18, lines 1-5; page 12, lines 11-16);
- means 40, 41, 21 for collecting electronically at least one of an electronic tax return or tax data of a taxpayer 20 from said electronic intermediary 21, wherein said electronic tax return and/or tax data is electronically provided to said electronic intermediary 21 by a tax data provider 43, 44 (*see, e.g.*, FIG. 3; page 16, lines 16-18; page 17, lines 1-2; page 18, lines 1-5; page 12, lines 11-16; page 9, lines 17-19; page 9, line 21 – page 10, line 3); and
- means 40 for performing a check of said taxpayer 20 by said tax information requestor 40 using said electronic tax return or tax data collected electronically (*see, e.g.*, FIG. 3; page 17, lines 2-3; page 18, lines 16-17),
- wherein said check is not used to compute taxes of said taxpayer 20 (*see, e.g.*, page 16, line 23 – page 17, line 1), wherein said tax information requestor 40 is not a taxing authority (*see, e.g.*, page 16, lines 19-21; page 17, lines 9-13 and 21-23), and wherein said electronic intermediary 21 stores said electronic tax return or tax data (*see, e.g.*, page 16, lines 16-18; page 18, lines 1-5).

### **Claim 13**

Claim 13 recites a computer-readable medium embodying a computer program for collecting tax information by a tax information requestor 40 (*see, e.g.*, FIG. 3; page 7, lines 15-21; page 8, lines 13-14; page 9, lines 6-7). The computer program comprises code segments for:

- connecting electronically said tax information requestor 40 to an electronic intermediary 21 (*see, e.g.*, FIG. 3; page 17, lines 21-23; page 9, lines 19-21; page 18, lines 1-5; page 12, lines 11-16);
- collecting electronically at least one of an electronic tax return or tax data of a taxpayer 20 from said electronic intermediary 21, wherein said electronic tax return and/or tax data is electronically provided to said electronic intermediary 21 by a tax data provider 43, 44 (*see, e.g.*, FIG. 3; page 16, lines 16-18; page 17, lines 1-2; page 18, lines 1-5; page 12, lines 11-16; page 9, lines 17-19; page 9, line 21 – page 10, line 3); and

- performing a check of said taxpayer 20 by said tax information requestor 40 using said electronic tax return or tax data collected electronically (*see, e.g.*, FIG. 3; page 17, lines 2-3; page 18, lines 16-17),
- wherein said check is not used to compute taxes of said taxpayer 20 (*see, e.g.*, page 16, line 23 – page 17, line 1), wherein said tax information requestor 40 is not a taxing authority (*see, e.g.*, page 16, lines 19-21; page 17, lines 9-13 and 21-23), and wherein said electronic intermediary 21 stores said electronic tax return or tax data (*see, e.g.*, page 16, lines 16-18; page 18, lines 1-5).

#### **Claim 42**

Claim 42 recites a method for collecting tax information by a tax information requestor 40 (*see, e.g.*, FIG. 3; page 7, lines 15-21; page 9, lines 6-7). The method comprises:

- connecting electronically said tax information requestor 40 to a tax data provider 43, 44 (*see, e.g.*, FIG. 3; page 17, lines 21-23; page 9, line 21 – page 10, line 3; page 18, lines 6-15; page 12, lines 11-16);
- collecting electronically at least one of an electronic tax return or tax data of a taxpayer 20 from said tax data provider 43, 44 (*see, e.g.*, FIG. 3; page 17, lines 1-2; page 17, lines 19-23; page 18, lines 6-15; page 12, lines 11-16; page 9, lines 17-19); and
- performing a check of said taxpayer 20 by said tax information requestor 40 using said electronic tax return or tax data collected electronically (*see, e.g.*, FIG. 3; page 17, lines 2-3; page 18, lines 16-17),
- wherein said check is not used to compute taxes of said taxpayer 20 (*see, e.g.*, page 16, line 23 – page 17, line 1), wherein said tax information requestor 40 is not a taxing authority (*see, e.g.*, page 16, lines 19-21; page 17, lines 9-13 and 21-23), and wherein said tax data provider 43, 44 stores said electronic tax return or tax data (*see, e.g.*, page 18, lines 6-7).

#### **Claim 45**

Claim 45 recites an apparatus for collecting tax information by a tax information requestor 40 (*see, e.g.*, FIG. 3; page 7, lines 15-21; page 8, lines 11-12; page 9, lines 6-7). The apparatus comprises:

- means 40, 47, 43, 48, 44 for connecting electronically said tax information requestor 40 to a tax data provider 43, 44 (*see, e.g.*, FIG. 3; page 17, lines 21-23; page 9, line 21 – page 10, line 3; page 18, lines 6-15; page 12, lines 11-16);
- means 40, 47, 43, 48, 44 for collecting electronically at least one of an electronic tax return or tax data of a taxpayer 20 from said tax data provider 43, 44 (*see, e.g.*, FIG. 3; page 17, lines 1-2; page 17, lines 19-23; page 18, lines 6-15; page 12, lines 11-16; page 9, line 21 – page 10, line 3); and
- means 40 for performing a check of said taxpayer 20 by said tax information requestor 40 using said electronic tax return or tax data collected electronically (*see, e.g.*, FIG. 3; page 17, lines 2-3; page 18, lines 16-17),
- wherein said check is not used to compute taxes of said taxpayer 20 (*see, e.g.*, page 16, line 23 – page 17, line 1), wherein said tax information requestor 40 is not a taxing authority (*see, e.g.*, page 16, lines 19-21; page 17, lines 9-13 and 21-23), and wherein said tax data provider 43, 44 stores said electronic tax return or tax data (*see, e.g.*, page 18, lines 6-7).

#### **Claim 48**

Claim 48 recites a computer-readable medium embodying a computer program for collecting tax information by a tax information requestor 40 (*see, e.g.*, FIG. 3; page 7, lines 15-21; page 8, lines 13-14; page 9, lines 6-7). The computer program comprises code segments for:

- connecting electronically said tax information requestor 40 to a tax data provider 43, 44 (*see, e.g.*, FIG. 3; page 17, lines 21-23; page 9, line 21 – page 10, line 3; page 18, lines 6-15; page 12, lines 11-16);
- collecting electronically at least one of an electronic tax return or tax data of a taxpayer 20 from said tax data provider 43, 44 (*see, e.g.*, FIG. 3; page 17, lines 1-2; page 17, lines 19-23; page 18, lines 6-15; page 12, lines 11-16; page 9, lines 17-19); and
- performing a check of said taxpayer 20 by said tax information requestor 40 using said electronic tax return or tax data collected electronically (*see, e.g.*, FIG. 3; page 17, lines 2-3; page 18, lines 16-17),
- wherein said check is not used to compute taxes of said taxpayer 20 (*see, e.g.*, page

16, line 23 – page 17, line 1), wherein said tax information requestor 40 is not a taxing authority (*see, e.g.*, page 16, lines 19-21; page 17, lines 9-13 and 21-23), and wherein said tax data provider 43, 44 stores said electronic tax return or tax data (*see, e.g.*, page 18, lines 6-7).



**VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL – 37 C.F.R. § 41.37(c)(1)(vi)**

A. Whether claims 1, 2, 4-5, 7, 11, 13, 35-37, 39, and 41 are unpatentable under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,473,741 to Baker.

B. Whether claims 42, 44, 45, 47, 48, and 50 are unpatentable under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,473,741 to Baker.

C. Whether claims 6, 38, 40, 43, 46, and 49 are unpatentable under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,473,741 to Baker.

D. Whether claims 3, 6, 38, 40, 43, 46, and 49 are unpatentable under 35 U.S.C. § 103(a) over Baker, as applied to claims 2, 11, 13, 35, 42, 45, and 48 in the anticipation rejection, in view of Official Notice taken by the Examiner.

**VII. ARGUMENT – 37 C.F.R. § 41.37(c)(1)(vii)**

**A. The Rejection of Claims 1, 2, 4-7, 11, 13, 35-50 Under 35 U.S.C. § 102(e)**

In numbered paragraphs 3-4 on pages 9-12 of the Final Office Action, claims 1, 2, 4-7, 11, 13, and 35-50 are rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,473,741 to Baker.<sup>2</sup> The Appellant respectfully traverses the rejection and hereby appeals the same.

35 U.S.C. § 102(e) states, in relevant part, that “[a] person shall be entitled to a patent unless . . . the invention was described in . . . a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent . . . .” 35 U.S.C. § 102(e)(2). “A claim is anticipated [under Section 102] only if **each and every element** as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 U.S.P.Q.2d 1051, 1053 (Fed. Cir. 1987) (emphasis added); M.P.E.P. § 2131. Furthermore, “[t]he identical invention must be shown in as complete detail as is contained in the . . . claim.” *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236, 9 U.S.P.Q.2d 1913, 1920 (Fed. Cir. 1989).

During patent examination, the pending claims must be given their broadest *reasonable* interpretation *consistent with the specification* as it would be interpreted by *one of ordinary skill in the art*. See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316, 75 USPQ2d 1321, 1329 (Fed. Cir. 2005); M.P.E.P. § 2111. Also, the determination of whether a “wherein” clause limits the scope of a claim depends on the specific facts of the case. See M.P.E.P. § 2111.04; *Hoffer v. Microsoft Corp.*, 405 F.3d 1326, 1329, 74 USPQ2d 1481, 1483 (Fed. Cir. 2005) (holding that when a “whereby” clause states a condition that is material to patentability, it cannot be ignored in order to change the substance of the invention.”).

With the foregoing in mind, the Appellant respectfully submits that Baker fails to teach each and every element in as complete detail as is set forth in claims 1, 2, 4-7, 11, 13, and 35-50. Our reasoning follows.

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<sup>2</sup> Numbered paragraph 4 on page 9 of the Final Office Action dated April 20, 2007, lists claims 1, 2, 4-7, 11, 13, and 35-50 as being rejected under 35 U.S.C. § 102(e). The first paragraph at the top of page 9, however, also indicates that claims 6, 38, 40, 43, 46, and 49 are rejected under either 35 U.S.C. § 102(e) or 35 U.S.C. § 103(a), depending on the interpretation accorded to such claims. Accordingly, the Appellant addresses claims 6, 38, 40, 43, 46, and 49 in both Sections VII(A) and VII(B).

1. **Claims 1, 2, 4-5, 7, 11, 13, 35-37, 39, and 41**

In this case, claim 1, for example, recites a “method for collecting tax information by a tax information requestor” including, inter alia, the step of “collecting electronically at least one of an electronic tax return or tax data of a taxpayer from said electronic intermediary, *wherein said electronic tax return and/or tax data is electronically provided to said electronic intermediary by a tax data provider*” (emphasis added). Thus, claim 1 requires that the electronic tax return and/or tax data collected electronically from the electronic intermediary is electronically provided to the electronic intermediary by a **tax data provider**. The instant disclosure defines the term “tax data provider” as “each party that has tax information relevant to the taxpayer’s tax liability or tax reporting obligations.” Page 9, lines 21-22 of the instant disclosure. Moreover, some “[n]on-limiting examples of tax data providers include the taxpayer’s employers 22, partnerships, banks 23, savings and loans institutions, mortgage institutions, credit card bureaus, thrift institutions, security brokerage firms 24, mutual fund holding institutions, charities 25, and federal, state, local, and foreign taxing authorities 27.” Page 9, line 21 – page 10, line 3 of the instant disclosure. The term “tax information” is not specifically defined in the application, but is stated to include, “for example, an electronic tax return and/or tax data.” Page 17, lines 1-2. As set forth in the Background Section of the instant disclosure (e.g., page 5, lines 3-7), tax information is usually stored, manually accessed, and manually duplicated by a respective taxpayer who then provides the tax information to a tax information requestor upon request. This, unfortunately, allows the possibility that such tax information may be altered by the taxpayer or inaccurate when provided to the tax information requestor. See page 5, lines 7-9 of the instant disclosure.

Baker, on the other hand, purportedly teaches a method and system for aggregation and exchange of electronic tax information for marketing purposes, wherein the tax information is provided by individual accounting and tax preparation firms and is warehoused at a central location for access by 3<sup>rd</sup> party requestors. See, e.g., column 1, lines 15-19; column 10, line 56 – column 11, line 20. Importantly, the tax information described in the method and system of Baker is provided by **individual accounting and tax preparation firms** to the central location (e.g., a service bureau 20). *Id.* In rejecting claim 1, therefore, the Final Office Action ostensibly aligns Baker’s “central location” with the recited “electronic intermediary” and the “individual accounting and tax preparation firms” with the recited “tax data providers.” See, e.g., Final Office Action, page 9, numbered paragraph 4,

lines 6-8 (citing Baker column 10, lines 59-67). The Appellant respectfully disagrees and submits that the “individual accounting and tax preparation firms” described in Baker cannot reasonably be interpreted to be the “tax data providers” recited in claim 1 for at least three reasons.

First, the “individual accounting and tax preparation firms” discussed in Baker are not “tax data providers” because they are not the source of an individual taxpayer’s tax information with separate legal obligations to report, and assure the veracity of, the tax information of the taxpayer. In this regard, Baker’s method and system face problems similar to that which is encountered with other known prior art, namely inaccurate and/or altered tax information. More specifically, as noted above, the individual accounting and tax preparation firms described in the method and system of Baker provide tax information to the central location (e.g., a service bureau 20). Clearly, the individual accounting and tax preparation firms only possess such tax information based on receipt of the same (processed or unprocessed) from individual taxpayers who may have a relationship with the individual accounting and tax preparation firms. Thus, the tax information which is ultimately provided to a third party requestor by the centralized service bureau 20 in Baker is still susceptible to alteration and inaccuracies because such tax information was originally submitted by *respective individual taxpayers to the individual accounting and tax preparation firms*.

For example, with the method and system of Baker, if a taxpayer made an error in transcribing data from a tax form onto his or her own return, the information received by the individual accounting and tax preparation firm would be incorrect. Similarly, with the method and system of Baker, a taxpayer could, theoretically, intentionally inflate his or her salary, or taxable income, and instruct his or her accountant to file a return based thereon. Alternatively, the taxpayer could instruct the accountant to file a tax return and subsequently file an amended return without consulting the accountant. In any of these cases, the tax information held by the individual accounting and tax preparation firm, and transmitted to the service bureau, may be incorrect. Although Baker notes that “[i]ndividual firm databases are more reliable . . . than IRS or other agency computers” (column 6, lines 16-18) and that “lenders and other interested third parties have *some* assurance that information received directly from a professional tax preparer has not been altered in a fraudulent manner” (column 5, lines 60-63 (emphasis added)), the system and method described in Baker cannot guarantee the quality and accuracy of the information because such information flows from the

taxpayer, who may have various reasons, unintentional or intentional, for providing incorrect or skewed tax information.

In contrast, the tax information recited in claim 1 does not derive directly from the taxpayer, but rather is provided directly from *tax data providers* which are the very source of the tax information. *See, e.g.*, page 9, line 22 through page 10, line 3 of the instant disclosure. These tax data providers such as, for example, a taxpayer's employer or bank, have their own legal obligations to submit the taxpayer's tax information to the IRS and are generally subject to IRS penalties if they incorrectly report the taxpayer's tax information. The tax information is, thus, prepared and/or provided by these third party tax data providers with independent reasons for assuring the veracity of the tax information. Therefore, such tax information is inherently more reliable because it cannot be unintentionally or intentionally changed such as, for example, by being incorrectly transcribed and/or intentionally altered by the taxpayer. Accordingly, the "individual accounting and tax preparation firms" described in Baker are not "tax data providers" within the context of the instant application.

Second, it is unreasonable to consider the "individual accounting and tax preparation firms" described in Baker to be "tax data providers" because such an interpretation would impermissibly exclude embodiments disclosed in the instant specification. In general, it is improper to interpret claim terms in a way that excludes embodiments disclosed in the specification unless clearly disclaimed in the specification or prosecution history. *See Oatey Co. v. IPS Corp.*, No. 2007-1214, slip op. at 8-9 (Fed. Cir. Jan. 30, 2008) (finding that the district court erred in both its claim construction and its determination that an alternative embodiment of a washing machine outlet box depicted in a drawing figure was outside the scope of claim 1). Notwithstanding the well known differences between claim interpretation during examination as opposed to determining infringement of an issued patent (e.g., broadest reasonable interpretation, etc.), the foregoing rule is believed to be equally applicable to both situations.

Here, in one embodiment of the invention, "the taxpayer has control over the electronic intermediary" (page 11, lines 1-2) and "provides the information on the tax data providers as well as other information to the electronic intermediary" (page 11, lines 6-7). In another embodiment, "the electronic intermediary is controlled by a tax return preparer institution, such as a professional tax preparation company, an accounting firm, or an individual accountant" (page 11, lines 9-11) and, more importantly, upon authorization from the taxpayer, "the tax return preparer ensures that the electronic intermediary receives the

appropriate information required, such as the electronic location of the tax data providers, and information to determine whether the taxpayer has a special tax case” (page 11, lines 19-23). Although the foregoing statements are made in describing the “first embodiment,” a reasonable reading of the entire disclosure indicates universal applicability. For example, the description of the second embodiment specifically references the first embodiment (*see* page 16, lines 16-22) and further states that “[t]he taxpayer 20 directs the electronic intermediary 21 to electronically provide a tax information requestor 40 with the electronic tax return and/or tax data provided to the electronic intermediary 21 by tax data providers 43-44.” Page 18, lines 1-4.

In view of the foregoing, the instant disclosure makes a clear distinction between “taxpayers” and “tax data providers.” Similarly, the disclosure draws a distinction between “tax return preparer institutions” (e.g., professional tax preparation companies, accounting firms, or individual accountants) and “tax data providers.” With this in mind, the Office’s interpretation of an individual accounting and tax preparation firm as being a “tax data provider” effectively excludes or nullifies the second described embodiment, wherein the electronic intermediary is controlled by a tax return preparer institution. That is, in equating tax return preparer institutions with tax data providers, the recitation in the disclosure that “the tax return preparer ensures that the electronic intermediary receives the appropriate information required, such as the electronic location of the tax data providers” loses any and all meaning. An electronic intermediary controlled by a tax return preparer institution would not need the electronic location of the tax return preparer institution. Accordingly, it is respectfully submitted that the “individual accounting and tax preparation firms” described in Baker can not be reasonably interpreted as “tax data providers” based on a reasonable reading of the instant disclosure because such an interpretation would impermissibly exclude disclosed embodiments.

Third, the Final Office Action improperly disregards various features/steps/entities positively recited in the claims. For example, the Final Office Action states that “the recited structure and functionality are not affected by who or what performs each step of the claimed invention” (page 4, lines 12-14). *See also* Final Office Action, page 6, lines 10-14; page 7, lines 11-13. On the contrary, the Appellant respectfully submits that each feature and/or specifically defined entity recited in a claim imparts some functionality to the claim and must be afforded patentable weight. As pointed out above, claim 1 recites, *inter alia*, the step of:

collecting electronically at least one of an electronic tax return or tax data of a taxpayer from said electronic intermediary, *wherein said electronic tax return and/or tax data is electronically provided to said electronic intermediary by a tax data provider* (emphasis added).

The highlighted portions of the above-captioned clause are positive recitations that said electronic tax return and/or tax data is electronically provided to said electronic intermediary by a tax data provider and therefore, does, in fact, “affect the structure and functionality of the claimed invention.” For example, assuming claim 1 was an enforceable claim in a valid issued patent, a potential infringer that performed the step of collecting electronically an electronic tax return and/or tax data of a taxpayer from an electronic intermediary would not infringe claim 1 if, for instance, the electronically collected electronic tax return or tax data was not electronically provided to the electronic intermediary by a tax data provider, as defined in the instant application. In this way, the recitation of a “tax data provider” in at least claim 1 does, in fact, “affect the structure and functionality of the claimed invention,” contrary to the assertions made in the Final Office Action.

For at least the three reasons set forth above, the Appellant respectfully submits that the “individual accounting and tax preparation firms” described in Baker are not “tax data providers” as recited in at least claim 1. The Office’s purported “broadest reasonable interpretation” of the claims, in particular the term “tax data provider,” is *inconsistent* with the specification as it would be interpreted by one of ordinary skill in the art. Claim 1 is respectfully submitted as being allowable over, and not anticipated by, Baker. Reversal of the rejection is respectfully requested.

Claims 2, 4-7, and 35 depend from claim 1 and are submitted as being allowable over Baker for at least the same reasons. Claims 11 and 13 are directed to an apparatus and computer-readable medium embodying a computer program comprising code segments, respectively, and include recitations similar to that of claim 1. Accordingly, claims 11 and 13 are believed to be allowable over Baker for at least the same reasons. Claims 36, 38, and 39 depend from claim 11 and are submitted as being allowable over Baker for at least the same reasons. Claims 37, 40, and 41 depend from claim 13 and are submitted as being allowable over Baker for at least the same reasons. Reversal of the rejections is respectfully requested.

**2. Claims 42, 44, 45, 47, 48, and 50**

Claims 42, 45, and 48 recite features similar to that in claims 1, 11, and 13, respectively, except that the recited tax information requestor connects directly electronically to, and collects directly electronically from, the tax data provider rather than indirectly through an electronic intermediary as recited in claims 1, 11, and 13. The Final Office Action states, on page 11, lines 9-12, that “the ‘tax information requestor’ and ‘tax data provider’ are recited so broadly that the requestor and provider could be interpreted as Baker’s third party requestor and ‘individual accounting and tax preparation firms’ or central location (e.g., service bureau), respectively.” For at least the reasons set forth above in section VII(A)(1), the Appellant respectfully disagrees at least with regard to the interpretation that Baker’s “individual accounting and tax preparation firms” are equivalent to the recited “tax data provider.”

The Final Office Action further states that “[t]hese claims do not specify how direct the connection between the ‘tax information requestor’ and ‘tax data provider’ is; therefore, the two parties could be connected directly or through an intermediary.” Page 11, lines 12-15. The Appellant respectfully disagrees and submits that such an interpretation is unreasonable in view of the disclosure and the doctrine of claim differentiation.

First, in view of the disclosure, it is respectfully submitted that one of ordinary skill in the art would not reasonably interpret claims 42, 45, and 48 to include an “intermediary” in the recited connection between the tax information requestor and the tax data provider as suggested in the Final Office Action. The disclosure specifically recites an example embodiment in which “the taxpayer 20 directs the electronic intermediary 21 to electronically provide a tax information requestor 40 with the electronic tax return and/or tax data provided to the electronic intermediary 21 by tax data providers 43-44.” Page 18, lines 1-4. “The electronic intermediary 21 is electronically coupled to the tax information requestor 40 via an electronic link 41.” Page 18, lines 4-5; *see* FIG. 3. The disclosure, however, also recites another example embodiment in which “[a]s an option, with the consent of the taxpayer, the tax data providers electronically provide the tax data and/or electronic tax return *directly* to the tax information requestor.” Page 18, lines 6-15. In FIG. 3, the tax information requestor 40 is shown as being directly connected to a tax data provider 43, 44 via an electronic link 47, 48. Furthermore, lines 16-17 on page 18 of the disclosure recite that “[w]ith the electronic tax return and/or tax data received from the electronic intermediary *and/or* tax data providers 43-44, the tax information requestor performs a check on the taxpayer” (emphasis added).



Therefore, the disclosure is clear that the tax information requestor 40 can collect the electronic tax return and/or tax data from:

- (1) the electronic intermediary 21 by a connection through electronic link 41 (the tax information having been provided to the electronic intermediary 21 by a tax data provider 43, 44 via an electronic link 45, 46),
- (2) the tax data provider 43, 44 by a connection through electronic link 47, 48, or
- (3) both the electronic intermediary 21 and the tax data provider 43, 44 via the respective electronic links.

Claims 42, 45, and 48 are clearly directed to option (2) above. Accordingly, it is respectfully submitted that one of ordinary skill in the art would not interpret the recitation in claims 42, 45, and 48 of “connecting electronically said tax information requestor to a tax data provider” and “collecting electronically at least one of an electronic tax return or tax data of a taxpayer from said tax data provider” as including an intermediary between the recited tax information requestor and the tax data provider as suggested in the Final Office Action.

Second, based on the concept of claim differentiation, it is respectfully submitted that the Office’s interpretation of claims 42, 45, and 48 as including an “intermediary” in the recited connection between the tax information requestor and the tax data provider is unreasonable. Claims 1, 11, and 13 clearly relate to option (1) above by reciting “connecting electronically said tax information requestor to an electronic intermediary” and “collecting electronically at least one of an electronic tax return or tax data of a taxpayer from said electronic intermediary, wherein said electronic tax return and/or tax data is electronically provided to said electronic intermediary by a tax data provider.” Notably, dependent claims 35, 36, and 37, which depend from claims 1, 11, and 13, respectively, further recite “connecting electronically said tax information requestor to said tax data provider; and collecting electronically said electronic tax return and/or tax data from said tax data provider.” Claims 35-37, therefore, are directed to option (3) above, i.e., the tax information requestor electronically collecting the electronic tax return and/or tax data from both the electronic intermediary and the tax data provider. The express recitations in claims 35-37 clearly cannot be interpreted to include an “intermediary” in the connection between the tax information requestor and the tax data provider because such an interpretation would render the language of claims 1, 11, and 13 superfluous. Therefore, because claims 42, 45, and 48, use exactly the same language as claims 35, 36, and 37, respectively, to describe the connection of the tax information requestor to the tax data provider, the Appellant

respectfully submits that the interpretation proposed in the Final Office Action is unreasonable.

Additionally, in rejecting claims 42, 45, and 48, the Final Office Action further states that “the terms ‘tax information requestor’ and ‘tax data provider’ are relative.” Page 11, lines 15-16 (emphasis added). The Final Office Action explains this questionable interpretation at page 11, line 16 through page 12, line 2. In response, the Appellant respectfully disagrees and submits that the Office’s interpretation of the recited “tax information requestor” and “tax data provider” as being “relative” terms that are met by several of the various entities disclosed in Baker depending on a time when such information is transferred or supplied is unreasonable. First, with regard to the interpretation posited in the Final Office Action on page 11, line 20 through page 12, line 2, that Baker’s “individual accounting and tax preparation firms” and/or “service bureau” could be considered as a “tax data provider” when the third party requestor requests the tax information, the Appellant respectfully incorporates by reference the arguments presented above in Section VII(A)(1) as to why Baker’s “individual accounting and tax preparation firms” are not a “tax data provider.” For at least the same reasons, Baker’s service bureau 20, which receives tax information from the individual accounting and tax preparation firms, cannot be considered a “tax data provider.”

Second, the Appellant respectfully submits that the Office’s proposed interpretation on page 11, lines 16-20 of the Final Office Action (i.e., that Baker’s “individual accounting and tax preparation firms” are “tax data providers” and the “service bureau” is the “tax information requestor” when such tax information is being supplied to the service bureau by the firms) is logically unreasonable for the reasons set forth in section VII(A)(1) above and because such an interpretation vitiates, or at least fails to account for, other features of, or steps performed by, the entities recited in each of claims 42, 45, and 48. For example, each of claims 42, 45, and 48 further recite the feature or step of “performing a check of said taxpayer by said tax information requestor using said electronic tax return or tax data collected electronically.” In this regard, the Office’s proposal that Baker’s service bureau is the recited “tax information requestor” is untenable because Baker’s service bureau does not perform any check on a taxpayer using said electronic tax return or tax data collected electronically.

For at least the foregoing reasons, claims 42, 45, and 48 are submitted as being allowable over Baker. Claims 43-44, 46-47, and 49-50 depend from claims 42, 45, and 48,

respectively, and are submitted as being allowable over Baker for at least the same reasons. Reversal of the rejections is respectfully requested.

### 3. Claims 6, 38, 40, 43, 46, and 49

In rejecting claims 6, 38, 40, 43, 46, and 49 as being anticipated by Baker, the Final Office Action states that “the type of tax data provider does not affect the structure or manipulative steps of the claimed invention . . . [and so] does not patentably distinguish the claimed invention from the prior art.” The Final Office Action further states that “[a]s far as the scope of the invention is concerned, whether a taxpayer, a tax preparer, an employer, . . . or a taxing authority provides the recited tax data, the recited manipulative steps are performed the same” (page 4, lines 15-19). The Appellant respectfully disagrees. Claim 6, for example, specifically recites:

*said tax data provider being said taxpayer’s employer, said taxpayer’s partnership, said taxpayer’s bank, said taxpayer’s savings and loan institution, said taxpayer’s mortgage institution, said taxpayer’s credit card bureau, said taxpayer’s thrift institution, said taxpayer’s securities brokerage firm, said taxpayer’s mutual fund holding institution, said taxpayer’s charity, the Internal Revenue Service, or a taxing authority.* (emphasis added).

Thus, claim 6 includes a positive recitation of a number of specific entities directly related to said taxpayer (e.g., said taxpayer’s employer, said taxpayer’s bank, etc.) from which said electronic tax return and/or tax data is electronically provided to said electronic intermediary. See page 9, line 21 – page 10, line 3 of the instant disclosure. As one of ordinary skill in the art will appreciate, the recited entities are the source of the individual taxpayer’s tax information, each having legal obligations separate and apart from the taxpayer to report, and assure the veracity of, the tax information of the taxpayer. See, e.g., I.R.C. §§ 6041-6050V (requiring, for example, brokers, employers and certain other payors to render true and accurate returns to the Secretary and to provide tax statements to payees). Therefore, further to the argument presented above with respect to claim 1, it is respectfully submitted that Baker’s “individual accounting and tax preparation firms” are not “tax data providers” and, moreover, do not fall within the scope of any of the specifically enumerated types of tax data providers recited in at least claim 6. That is, Baker’s “individual accounting and tax preparation firms” are not “said taxpayer’s employer, said taxpayer’s partnership, said

taxpayer's bank, said taxpayer's savings and loan institution, said taxpayer's mortgage institution, said taxpayer's credit card bureau, said taxpayer's thrift institution, said taxpayer's securities brokerage firm, said taxpayer's mutual fund holding institution, said taxpayer's charity, the Internal Revenue Service, or a taxing authority."

As to the Office's assertion that "the type of tax data provider does not affect the structure or manipulative steps of the claimed invention," the Appellant respectfully disagrees and submits that each specifically defined entity recited in claim 6 imparts some functionality to the claim and must be afforded patentable weight. For example, assuming claim 6 was an enforceable claim in a valid issued patent, a potential infringer that performed the step of collecting electronically an electronic tax return and/or tax data of a taxpayer from an electronic intermediary would not infringe claim 6 if, for instance, the electronically collected electronic tax return or tax data was not electronically provided to the electronic intermediary by one of the listed types of tax data providers. In this way, the recitation of the specific types of tax data providers recited in at least claim 6 does, in fact, "affect the structure and functionality of the claimed invention," contrary to the assertions made in the Final Office Action.

In rejecting claim 6, the Final Office Action further posits that "depending on one's interpretation," Baker's "individual accounting and tax preparation firms" may be considered a "taxing authority" (*see* Final Office Action, page 6, lines 18-19 and page 13, lines 4-5). The term "taxing authority," however, is explicitly defined in the instant disclosure as being "the IRS, or a state, local, or foreign taxing authority." *See, e.g.*, page 14, lines 9-10 of the instant disclosure. For example, it is this "taxing authority" with which tax returns are filed by taxpayers. *See, e.g.*, page 14, lines 6-10 of the instant disclosure. Likewise, it is this "taxing authority" to which taxes are owed or from which a tax refund is due. *See, e.g.*, page 14, lines 11-14 of the instant disclosure. Accordingly, Baker's "individual accounting and tax preparation firms" cannot reasonably be considered to be "a taxing authority."

Accordingly, claim 6 is believed to be allowable over Baker. Claims 38, 40, 43, 46, and 49 recite features similar to claim 6 and are believed to be allowable for at least the same reasons. Reversal of the rejections is respectfully requested.

**B. The Rejection of Claims 3, 6, 38, 40, 43, 46, and 49 Under  
35 U.S.C. § 103(a)**

In numbered paragraph 6 on pages 12-13 of the Final Office Action, claim 3 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Baker in view of Official Notice taken by the Office. In numbered paragraph 6 on pages 13-14 of the Final Office Action, claims 6, 38, 40, 43, 46, and 49 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Baker in view of Official Notice taken by the Office. The Appellant respectfully traverses the rejections and hereby appeals the same.

“Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined.” *Graham v. John Deere*, 383 U.S. 1, 148 U.S.P.Q. 459 (1966). “Often, it will be necessary . . . to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue. *To facilitate review, this analysis should be made explicit.*” *KSR Int’l v. Teleflex, Inc.*, 127 S. Ct. 1727, 1740-41, 82 USPQ2d (BNA) 1385, 1396 (2007) (emphasis added). Importantly, “[r]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *In re Kahn*, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006).

Claim 3 depends from claim 1 and is, therefore, submitted as being allowable for at least the same reasons presented above. The Office’s taking of Official Notice with regard to claim 3 is not believed to remedy Baker’s deficiencies noted above in Section VII(A)(1) with respect to claim 1.

The subject matter recited in claims 6, 38, 40, 43, 46, and 49 is submitted as being allowable over Baker for at least the reasons set forth in Section VII(A)(3) above, incorporated herein by reference. The Final Office Action, however, further states that “the specific recited examples of a tax data provider amount to merely non-functional, descriptive material” (page 13, lines 6-7; *see also* page 13, lines 8-18) and that “the recited structure and functionality are not affected by who or what performs each step of the claimed invention”

(page 4, lines 12-14; *see also* page 14, lines 11-15). The Final Office Action also takes Official Notice regarding the receipt of tax data from the recited entities. *See* page 13, line 20 – page 14, line 3. The Appellant respectfully disagrees for at least the following four reasons.

First, the express recitations of the specific types of such “tax data providers” in claims 6, 38, 40, 43, 46, and 49, are not non-functional descriptive material, nor do such recitations lend themselves to an analogous interpretation. The Appellant respectfully submits that the express recitation of the specific types of tax data providers does, in fact, affect the structure and functionality of the claimed invention. Accordingly, the Office’s interpretation of a positively recited entity capable of providing tax information (i.e., the tax data provider) as constituting, or being analogous to, “descriptive material” demonstrates a complete misunderstanding of the legal guidelines regarding identifying descriptive material and the interpretation thereof. M.P.E.P. § 2106(IV)(B)(1), for example, states:

Descriptive material can be characterized as either “functional descriptive material” or “nonfunctional descriptive material.” In this context, “functional descriptive material” consists of ***data structures and computer programs*** which impart functionality when employed as a computer component. (The definition of “data structure” is “a physical or logical relationship among data elements, designed to support specific data manipulation functions.” The New IEEE Standard Dictionary of Electrical and Electronics Terms 308 (5th ed. 1993).) “Nonfunctional descriptive material” includes but is not limited to ***music, literary works and a compilation or mere arrangement of data***. (emphasis added).

The foregoing definitions of the types of descriptive material, thus, provide guidance to Examiners in determining whether or not particular **data structures** recited in computer-related claims are statutory subject matter. Furthermore, for purposes of determining compliance with 35 U.S.C. §§ 102 and 103, M.P.E.P. § 2106(VI) states:

If the difference between the prior art and the claimed invention is limited to descriptive material stored on or employed by a machine, Office personnel must determine whether the descriptive material is functional descriptive material or nonfunctional descriptive material, as described *supra* in paragraphs IV.B.1(a) and IV.B.1(b).

Both of the foregoing determinations are *clearly irrelevant* in terms of interpreting the specifically recited types of tax data providers. Within the context of the disclosed embodiments of the present application, such tax data providers are actual entities or parties

capable of providing tax information and whose positive recitation in the claims “affect[s] the structure and functionality of the claimed invention.” Accordingly, the Appellant respectfully submits that the Office’s interpretation of the specifically recited types of tax data providers as being non-functional descriptive material is without merit.

Second, the Final Office Action improperly disregards or fails to give patentable weight to various features/steps/entities positively recited in the claims. In response, the Appellant respectfully submits that each feature and/or specifically defined entity recited in a claim imparts some functionality to the claims and must be afforded patentable weight. As pointed out above, claim 1 recites, *inter alia*, the step of:

collecting electronically at least one of an electronic tax return or tax data of a taxpayer from said electronic intermediary, ***wherein said electronic tax return and/or tax data is electronically provided to said electronic intermediary by a tax data provider*** (emphasis added).

Claim 6, which depends from claim 1, further recites:

***said tax data provider being said taxpayer’s employer, said taxpayer’s partnership, said taxpayer’s bank, said taxpayer’s savings and loan institution, said taxpayer’s mortgage institution, said taxpayer’s credit card bureau, said taxpayer’s thrift institution, said taxpayer’s securities brokerage firm, said taxpayer’s mutual fund holding institution, said taxpayer’s charity, the Internal Revenue Service, or a taxing authority.*** (emphasis added).

The highlighted portions of the above-captioned clauses are positive recitations that said electronic tax return and/or tax data is electronically provided to said electronic intermediary by a tax data provider, specifically at least one of the listed tax data providers and therefore, does, in fact, “affect the structure and functionality of the claimed invention.” For example, assuming claim 6 was an enforceable claim in a valid issued patent, a potential infringer that performed the step of collecting electronically an electronic tax return and/or tax data of a taxpayer from an electronic intermediary would not infringe claim 6 if, for instance, the electronically collected electronic tax return or tax data was not electronically provided to the electronic intermediary by one of the listed types of tax data providers. In this way, the recitation of a “tax data provider” in at least claim 1 and the recitation of the specific types of tax data providers recited in at least claim 6 do, in fact, “affect the structure and

functionality of the claimed invention,” contrary to the assertions made in the Final Office Action.

Third, in addition to the arguments made above in Section VII(A)(3) regarding Baker, the Applicant respectfully maintains that the Office’s taking of Official Notice is inadequate, at least *in terms of remedying the deficiencies in Baker*. In taking Official Notice, the Office Action states “that it was old and well-known in the art of tax preparation to utilize tax data received from an employer, a partnership, a bank, a savings and loan institution, a mortgage institution, a credit card bureau, a thrift institution, a securities brokerage firm, a mutual fund holding institution, a charity, the IRS, or a taxing authority to complete one’s tax paperwork (e.g., tax returns).” Final Office Action, page 13, line 20 – page 14, line 3. Even assuming, *arguendo*, that this is true, the Final Office Action improperly seizes on this purportedly well-known teaching to jump to the conclusion that “it would have been obvious to one having ordinary skill in the art at the time of Applicant’s invention to modify Baker to receive tax data from [any one of the above-referenced parties] in order to expand the type of details made available through the data warehouse, thereby increasing the potential of interest in and marketability of the type of data stored in the data warehouse.” See Final Office Action, page 14, lines 3-10.

The Appellant respectfully submits that this conclusion is unsupported by the teachings of Baker as well as by the Officially Noticed facts. Even if it is considered well-known to utilize tax data received from one of the recited types of “tax data providers” to complete one’s own tax returns, the Applicant respectfully submits that it is not well-known in the art for a “tax data provider,” for example one of the expressly recited “tax data providers,” to electronically provide an electronic tax return and/or tax data to a tax information requestor via an electronic intermediary, or, alternatively, directly to a tax information requestor. Both Baker and the Official Notice, therefore, fail to address this recitation and the statement of obviousness in the Final Office Action amounts to an unsupported statement of conclusion. Thus, at least claims 6, 38, 40, 43, 46, and 49, for example, are believed to be allowable over Baker and the Official Notice.

Fourth, Baker teaches away from the modification proposed by the Office. If the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious. M.P.E.P. § 2143.01(VI). At page 14, lines 3-10, the Final Office Action states that it would have been obvious to modify Baker to



receive tax data from one of the recited tax data providers, rather than from individual accounting and tax preparation firms, “in order to expand the type of details made available through the data warehouse, thereby increasing the potential of interest in and marketability of the type of data stored in the data warehouse.” The Appellant respectfully disagrees and submits that such modification would not have been obvious in view of the teachings of Baker and/or the Official Notice. Baker is clear in teaching that the tax information is only provided by individual accounting and tax preparation firms and that “[t]his represents a *very material difference* from all prior art.” Baker, column 2, lines 33-38 (emphasis added). Thus, Baker does not contemplate such tax information being received from any other source such as, for example, the tax data providers recited in at least claims 6, 38, 40, 43, 46, and 49. Moreover, based on the foregoing statement, such modification would be contradictory to Baker’s core principle of operation. See Baker, column 5, lines 34-39. Accordingly, Baker teaches away from the modification proposed by the Final Office Action, and the Office has failed to set forth a *prima facie* case of obviousness.

Based on the preceding arguments, the Applicant respectfully submits that at least claims 3, 6, 38, 40, 43, 46, and 49 are not unpatentable over Baker. Reversal of the rejections is respectfully requested.

### C. Response to Miscellaneous Arguments

Throughout the various arguments presented in the Final Office Action, the term “user” is repeatedly recited, especially in the context of addressing the weight given to the recitations of the “tax data provider” and/or the specifically recited types of tax data providers. For example, at page 4, lines 12-15, the Final Office Action states that “the recited structure and functionality are not affected by who or what performs each step of the claimed invention” and “there are no structural elements that verify the identify of a *user*.” The Final Office Action also states “the same structural elements are used regardless of the specific *user* of the invention” (page 4, lines 20-21) and “a human *user* cannot be recited as a system element; therefore the type of *user* using a system does not patentably distinguish the invention, especially the system/apparatus claims, over the prior art” (page 4, line 22 – page 5, line 3). Additionally, the Final Office Action states that “[s]ince the type of *user* providing data does not affect the recited structure or functionality, the type of *user* serves as a mere label for a *user*” (page 5, lines 20-22) and “at best, the type of *user* submitting tax data

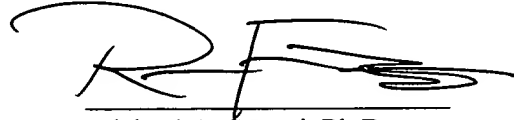
implies a type of tax data that the specific *user* type typically has access to” (page 6, lines 1-2).

In response, the Appellant initially points out that no “user” is recited in any of the pending claims and, accordingly, many of the statements and arguments are difficult to understand and believed to be irrelevant. Assuming, however, that the Final Office Action is simply referring to the tax data providers (i.e., the positively recited entities) in some general manner as “users,” the Appellant respectfully reiterates the arguments presented above that the recited tax data providers bear on “the structure and functionality of the claimed invention” by defining a set of entities that perform an express function. Such a recitation gives scope and meaning to the claims, and must be accorded patentable weight.

**VIII. CONCLUSION**

In summary, the Appellant respectfully requests reversal of the rejection of claims 1, 2, 4-7, 11, 13, and 35-50 under 35 U.S.C. § 102(e). The Appellant also respectfully requests reversal of the rejections of claims 3, 6, 38, 40, 43, 46, and 49 under 35 U.S.C. § 103(a).

Respectfully submitted,



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MAS/RMF  
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**IX. CLAIMS APPENDIX - 37 C.F.R. § 41.37(c)(1)(viii)**

1. *(Previously Presented)* A method for collecting tax information by a tax information requestor comprising the steps of:
  - connecting electronically said tax information requestor to an electronic intermediary;
  - collecting electronically at least one of an electronic tax return or tax data of a taxpayer from said electronic intermediary, wherein said electronic tax return and/or tax data is electronically provided to said electronic intermediary by a tax data provider; and
  - performing a check of said taxpayer by said tax information requestor using said electronic tax return or tax data collected electronically,wherein said check is not used to compute taxes of said taxpayer, wherein said tax information requestor is not a taxing authority, and wherein said electronic intermediary stores said electronic tax return or tax data.
2. *(Previously Presented)* A method as in claim 1, wherein said tax information requestor is electronically connected to said electronic intermediary using an electronic link.
3. *(Original)* A method as in claim 2, wherein said electronic link comprises telephone communication equipment.
4. *(Original)* A method as in claim 2, wherein said electronic link comprises an electronic data network.
5. *(Previously Presented)* A method as in claim 4, wherein said electronic data network is the Internet.
6. *(Previously Presented)* A method as in claim 1, wherein said tax data provider is said taxpayer's employer, said taxpayer's partnership, said taxpayer's bank, said taxpayer's savings and loan institution, said taxpayer's mortgage institution, said taxpayer's credit card bureau, said taxpayer's thrift institution, said taxpayer's securities brokerage firm, said taxpayer's mutual fund holding institution, said taxpayer's charity, the Internal Revenue Service, or a taxing authority.

7. (**Original**) A method as in claim 1, wherein said tax data is a payroll statement, a bank statement, a savings and loan statement, a mortgage statement, a credit card bureau statement, a thrift institution statement, a brokerage account statement, a mutual fund statement, a charity statement, or a statement relevant for tax purposes.

8. (**Canceled**)

9. (**Canceled**)

10. (**Canceled**)

11. (**Previously Presented**) An apparatus for collecting tax information by a tax information requestor comprising:

means for connecting electronically said tax information requestor to an electronic intermediary;

means for collecting electronically at least one of an electronic tax return or tax data of a taxpayer from said electronic intermediary, wherein said electronic tax return and/or tax data is electronically provided to said electronic intermediary by a tax data provider; and

means for performing a check of said taxpayer by said tax information requestor using said electronic tax return or tax data collected electronically,

wherein said check is not used to compute taxes of said taxpayer, wherein said tax information requestor is not a taxing authority, and wherein said electronic intermediary stores said electronic tax return or tax data.

12. (**Canceled**)

13. (**Previously Presented**) A computer-readable medium embodying a computer program for collecting tax information by a tax information requestor, said computer program comprising code segments for:

connecting electronically said tax information requestor to an electronic intermediary;

collecting electronically at least one of an electronic tax return or tax data of a taxpayer from said electronic intermediary, wherein said electronic tax return and/or tax data is electronically provided to said electronic intermediary by a tax data provider; and

performing a check of said taxpayer by said tax information requestor using said electronic tax return or tax data collected electronically,

wherein said check is not used to compute taxes of said taxpayer, wherein said tax information requestor is not a taxing authority, and wherein said electronic intermediary stores said electronic tax return or tax data.

14-34. (*Canceled*)

35. (*Previously Presented*) A method as in claim 1, further comprising:  
connecting electronically said tax information requestor to said tax data provider; and  
collecting electronically said electronic tax return and/or tax data from said tax data provider.

36. (*Previously Presented*) An apparatus as in claim 11, further comprising:  
means for connecting electronically said tax information requestor to said tax data provider; and  
means for collecting electronically said electronic tax return and/or tax data from said tax data provider.

37. (*Previously Presented*) A computer-readable medium as in claim 13, further comprising code segments for:  
connecting electronically said tax information requestor to said tax data provider; and  
collecting electronically said electronic tax return and/or tax data from said tax data provider.

38. (*Previously Presented*) An apparatus as in claim 11, wherein said tax data provider is said taxpayer's employer, said taxpayer's partnership, said taxpayer's bank, said taxpayer's savings and loan institution, said taxpayer's mortgage institution, said taxpayer's credit card bureau, said taxpayer's thrift institution, said taxpayer's securities brokerage firm, said taxpayer's mutual fund holding institution, said taxpayer's charity, the Internal Revenue Service, or a taxing authority.

39. (*Previously Presented*) An apparatus as in claim 11, wherein said tax data is a

payroll statement, a bank statement, a savings and loan statement, a mortgage statement, a credit card bureau statement, a thrift institution statement, a brokerage account statement, a mutual fund statement, a charity statement, or a statement relevant for tax purposes.

40. *(Previously Presented)* A computer-readable medium as in claim 13, wherein said tax data provider is said taxpayer's employer, said taxpayer's partnership, said taxpayer's bank, said taxpayer's savings and loan institution, said taxpayer's mortgage institution, said taxpayer's credit card bureau, said taxpayer's thrift institution, said taxpayer's securities brokerage firm, said taxpayer's mutual fund holding institution, said taxpayer's charity, the Internal Revenue Service, or a taxing authority.

41. *(Previously Presented)* A computer-readable medium as in claim 13, wherein said tax data is a payroll statement, a bank statement, a savings and loan statement, a mortgage statement, a credit card bureau statement, a thrift institution statement, a brokerage account statement, a mutual fund statement, a charity statement, or a statement relevant for tax purposes.

42. *(Previously Presented)* A method for collecting tax information by a tax information requestor comprising the steps of:

- connecting electronically said tax information requestor to a tax data provider;
- collecting electronically at least one of an electronic tax return or tax data of a taxpayer from said tax data provider; and

- performing a check of said taxpayer by said tax information requestor using said electronic tax return or tax data collected electronically,

- wherein said check is not used to compute taxes of said taxpayer, wherein said tax information requestor is not a taxing authority, and wherein said tax data provider stores said electronic tax return or tax data.

43. *(Previously Presented)* A method as in claim 42, wherein said tax data provider is said taxpayer's employer, said taxpayer's partnership, said taxpayer's bank, said taxpayer's savings and loan institution, said taxpayer's mortgage institution, said taxpayer's credit card bureau, said taxpayer's thrift institution, said taxpayer's securities brokerage firm, said taxpayer's mutual fund holding institution, said taxpayer's charity, the Internal Revenue

Service, or a taxing authority.

44. *(Previously Presented)* A method as in claim 42, wherein said tax data is a payroll statement, a bank statement, a savings and loan statement, a mortgage statement, a credit card bureau statement, a thrift institution statement, a brokerage account statement, a mutual fund statement, a charity statement, or a statement relevant for tax purposes.

45. *(Previously Presented)* An apparatus for collecting tax information by a tax information requestor comprising:

means for connecting electronically said tax information requestor to a tax data provider;

means for collecting electronically at least one of an electronic tax return or tax data of a taxpayer from said tax data provider; and

means for performing a check of said taxpayer by said tax information requestor using said electronic tax return or tax data collected electronically,

wherein said check is not used to compute taxes of said taxpayer, wherein said tax information requestor is not a taxing authority, and wherein said tax data provider stores said electronic tax return or tax data.

46. *(Previously Presented)* An apparatus as in claim 45, wherein said tax data provider is said taxpayer's employer, said taxpayer's partnership, said taxpayer's bank, said taxpayer's savings and loan institution, said taxpayer's mortgage institution, said taxpayer's credit card bureau, said taxpayer's thrift institution, said taxpayer's securities brokerage firm, said taxpayer's mutual fund holding institution, said taxpayer's charity, the Internal Revenue Service, or a taxing authority.

47. *(Previously Presented)* An apparatus as in claim 45, wherein said tax data is a payroll statement, a bank statement, a savings and loan statement, a mortgage statement, a credit card bureau statement, a thrift institution statement, a brokerage account statement, a mutual fund statement, a charity statement, or a statement relevant for tax purposes.

48. *(Previously Presented)* A computer-readable medium embodying a computer program for collecting tax information by a tax information requestor, said computer program



comprising code segments for:

- connecting electronically said tax information requestor to a tax data provider;
- collecting electronically at least one of an electronic tax return or tax data of a taxpayer from said tax data provider; and
- performing a check of said taxpayer by said tax information requestor using said electronic tax return or tax data collected electronically,

wherein said check is not used to compute taxes of said taxpayer, wherein said tax information requestor is not a taxing authority, and wherein said tax data provider stores said electronic tax return or tax data.

49. *(Previously Presented)* A computer-readable medium as in claim 48, wherein said tax data provider is said taxpayer's employer, said taxpayer's partnership, said taxpayer's bank, said taxpayer's savings and loan institution, said taxpayer's mortgage institution, said taxpayer's credit card bureau, said taxpayer's thrift institution, said taxpayer's securities brokerage firm, said taxpayer's mutual fund holding institution, said taxpayer's charity, the Internal Revenue Service, or a taxing authority.

50. *(Previously Presented)* A computer-readable medium as in claim 48, wherein said tax data is a payroll statement, a bank statement, a savings and loan statement, a mortgage statement, a credit card bureau statement, a thrift institution statement, a brokerage account statement, a mutual fund statement, a charity statement, or a statement relevant for tax purposes.

**X. EVIDENCE APPENDIX - 37 C.F.R. § 41.37(c)(1)(ix)**

The following evidence has been entered in the record and is relied upon in the foregoing appeal brief. Pursuant to 37 C.F.R. § 41.37(c)(1)(ix), a copy of each piece of evidence is submitted herewith along with a statement setting forth where in the record that evidence was entered.

- **Attachment A** – U.S. Patent No. 6,473,741 to Baker.
  - Made of record by the Examiner in the Final Office Action dated December 30, 2005.

**XI. RELATED PROCEEDINGS APPENDIX - 37 C.F.R. § 41.37(c)(1)(x)**

In Section II above, pursuant to 37 C.F.R. § 41.37(c)(1)(ii), the Appellant provided a statement identifying by application, patent, appeal or interference number all other prior and pending appeals, interferences or judicial proceedings known to appellant, the appellant's legal representative, or assignee which may be related to, directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal. Here, pursuant to 37 C.F.R. §§ 41.37(c)(1)(x), Applicant provides copies of the following decisions rendered by a court or the Board:

- **Attachment B** – Copy of the Board's Decision in Reexam Control No. 90/006,713 (Appeal No. 2007-0712).
- **Attachment C** – Copy of the Board's Decision in Reexam Control No. 90/006,969 (Appeal No. 2007-0518).
- **Attachment D** - Copy of the transcript of the status hearing held in the United States District Court for the District of Delaware on October 31, 2007. A trial date has been scheduled for February 9, 2009.
- **Attachment E** – Copy of the Scheduling Order issued by the United States District Court for the District of Delaware dated December 7, 2007.
- **Attachment F** – Copy of the stipulation by the parties regarding the filing of claim construction briefs. The date for filing such briefs was extended to May 13, 2008.

## **XII. TABLE OF CASES**

### **Page / Case Name**

25 /	<i>Graham v. John Deere</i> , 383 U.S. 1, 148 U.S.P.Q. 459 (1966)
14 /	<i>Hoffer v. Microsoft Corp.</i> , 405 F.3d 1326, 74 USPQ2d 1481 (Fed. Cir. 2005)
25 /	<i>In re Kahn</i> , 441 F.3d 977, 78 USPQ2d 1329 (Fed. Cir. 2006)
25 /	<i>KSR Int'l v. Teleflex, Inc.</i> , 127 S. Ct. 1727, 82 USPQ2d (BNA) 1385 (2007)
17 /	<i>Oatey Co. v. IPS Corp.</i> , No. 2007-1214 (Fed. Cir. Jan. 30, 2008)
14 /	<i>Phillips v. AWH Corp.</i> , 415 F.3d 1303, 75 U.S.P.Q.2d 1321 (Fed. Cir. 2005)
14 /	<i>Richardson v. Suzuki Motor Co.</i> , 868 F.2d 1226, 9 U.S.P.Q.2d 1913 (Fed. Cir. 1989)
14 /	<i>Verdegaal Bros. v. Union Oil Co. of California</i> , 814 F.2d 628, 2 U.S.P.Q.2d 1051 (Fed. Cir. 1987)

# **ATTACHMENT A**



OTHER PUBLICATIONS

Barry Brinker, CPA, Intellectual Capital: Tomorrow's Asset, Today's Challenge American Institute of Certified Public Accountants, CPA Vision Project.

Schlesinger & Biddle, IRS Chooses CSC to Handle Modernization, Wall Street Journal Dec. 10, 1998.

James Worsham, Can the IRS be Fixed?, Nation's Business, May 1998, p. 16.

Duncan Helm Colombe, A New Servicing Cost Study, Mortgage Banking, Oct. 1998 v58 n1 p114(8).

Joshua Brockman, Lenders discuss ways to Tailor Credit Scoring for Mortgage Banks American Banker, Jun. 12, 1998, v163 n111 p9(1).

Joseph R. Mastrianni, Preventing Tenant Fraud, Journal of Housing & Community Development, Sep.-Oct. 1998 v55 n5 p12(2).

Ryan J. Donmoyer, Coming Up: Lenders May Ask the IRS to Confirm Borrowers Incomes, Money Magazine, Nov. 1996 v25 n11 p22(1).

\* cited by examiner

Figure 1

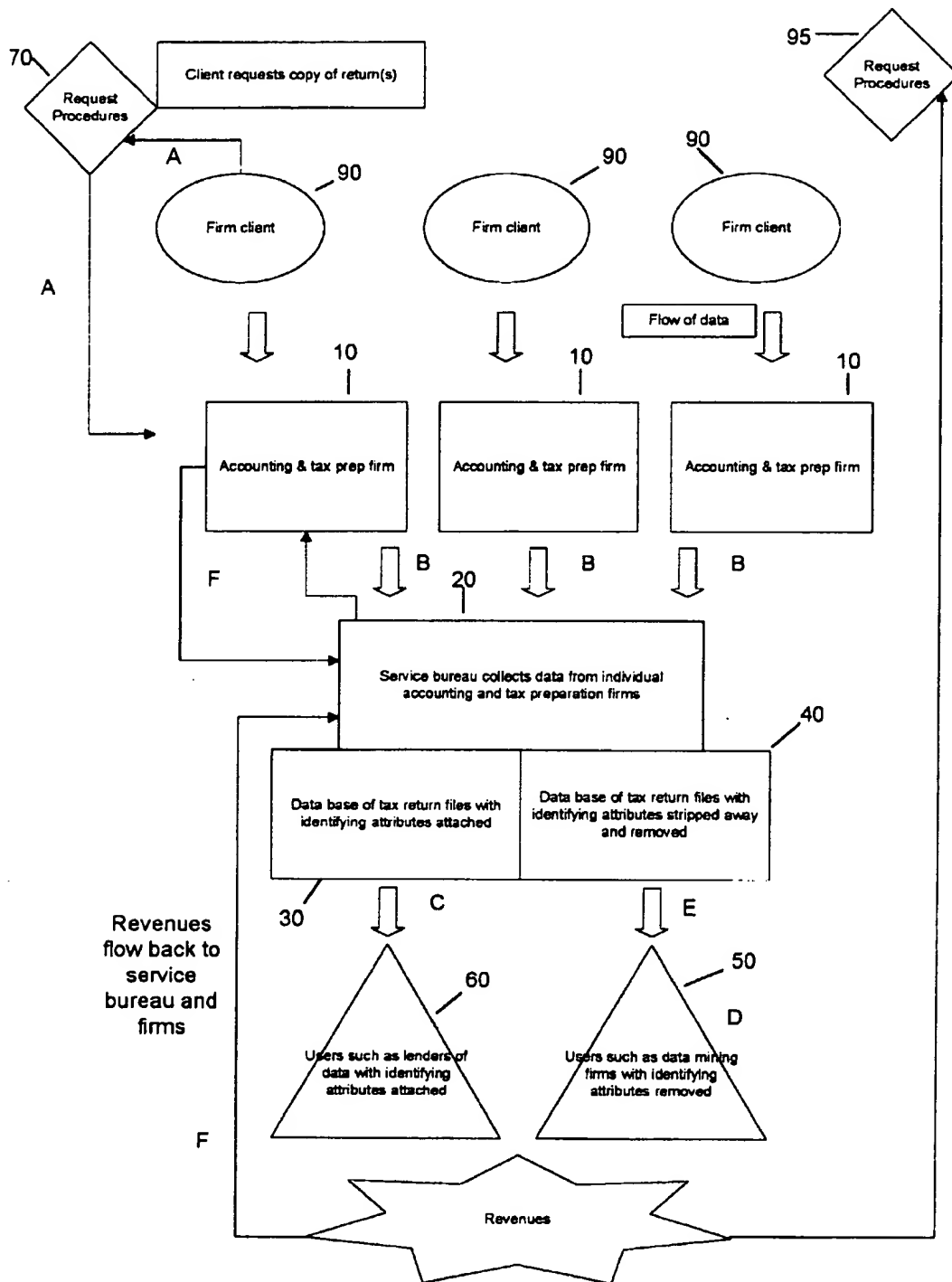




Figure 2

100 Transmittal from Electronic Return Originator  
Date \_\_\_\_\_ Fax to: \_\_\_\_\_

200 Firm Name \_\_\_\_\_

300 Firm Number \_\_\_\_\_

400 Taxpayer Name \_\_\_\_\_

500 Social Security Number \_\_\_\_\_

600 Spouse Name \_\_\_\_\_

700 Spouse Social Security Number \_\_\_\_\_

800 Years requested (list up to 3 per form)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

900 Authorized Taxpayer Signature \_\_\_\_\_

1000 Authorized Spouse Signature \_\_\_\_\_

1100 Authorized Firm Signature \_\_\_\_\_

1200 Authorization Number for Firm Signature \_\_\_\_\_

1300 Routing Number of Requestor \_\_\_\_\_

1400 URL of Requestor Organization \_\_\_\_\_

1500 Name of Requestor Organization \_\_\_\_\_

1600 Transaction Number \_\_\_\_\_

80

Figure 3

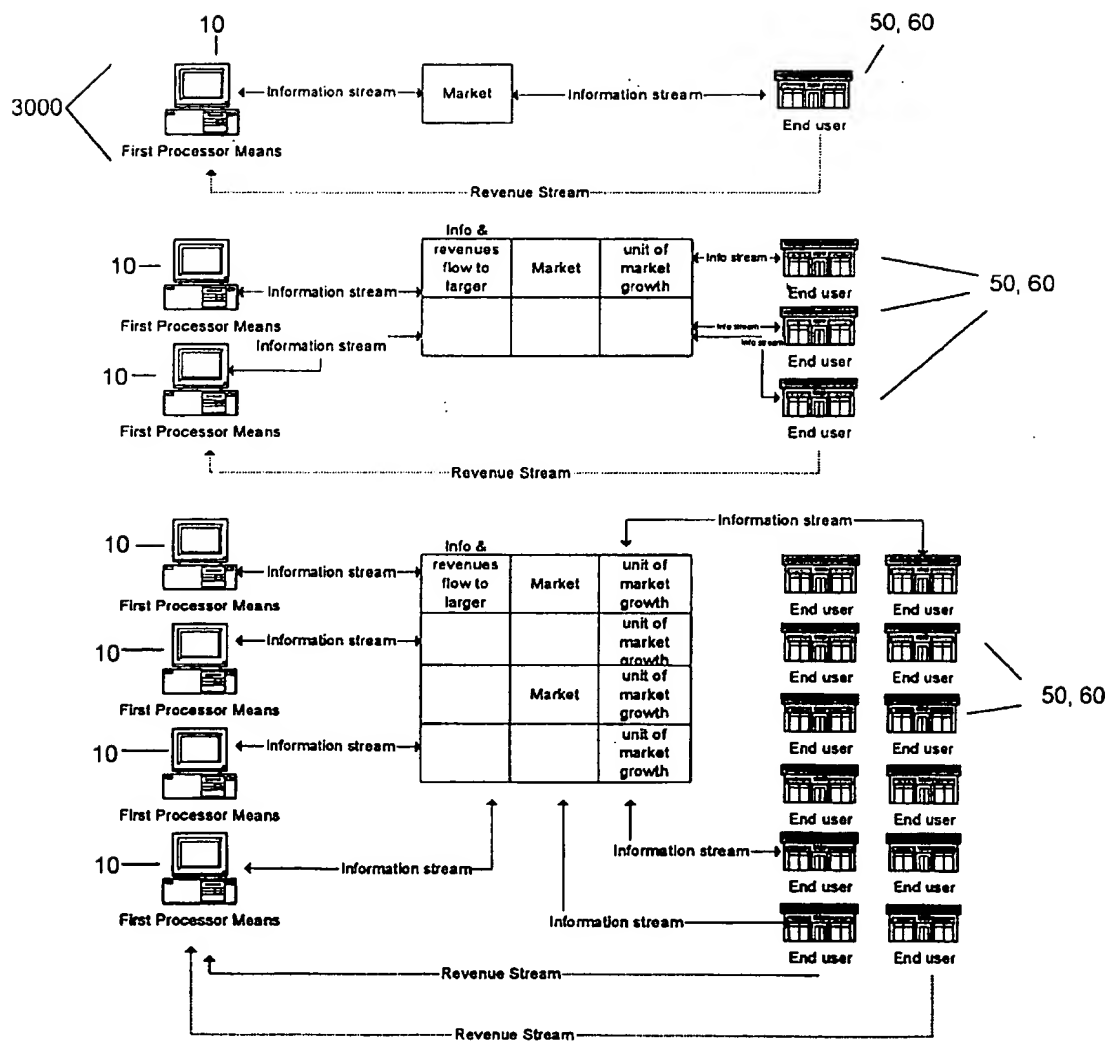
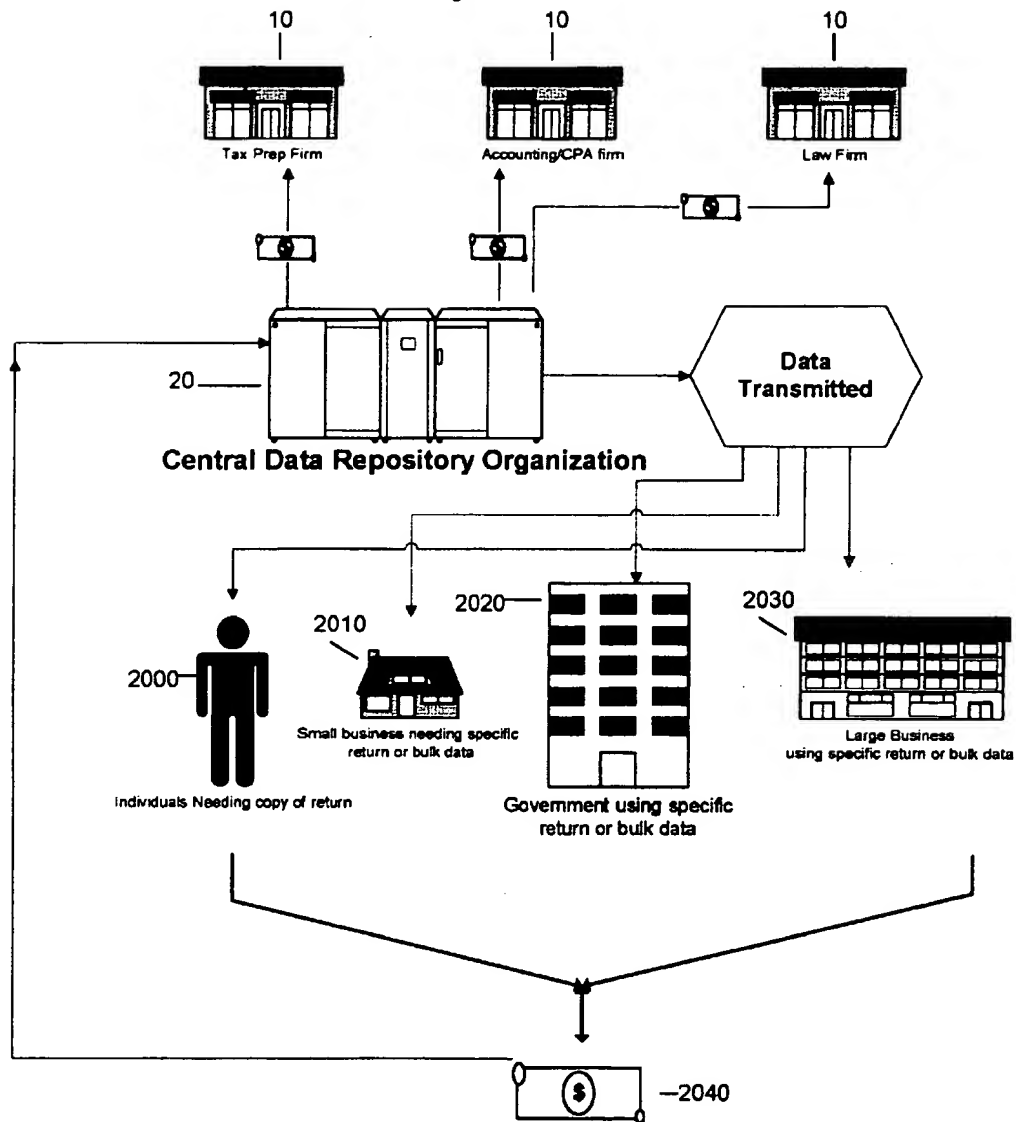


Figure 4



# METHOD AND SYSTEM FOR AGGREGATION AND EXCHANGE OF ELECTRONIC TAX INFORMATION

## PRIOR HISTORY

This is an Original Non-Provisional Application claiming priority from the Provisional Application No. 60/105,744 filed on Oct. 26, 1998 and Provisional Application No. 60/106,581 filed on Nov. 2, 1998.

## BACKGROUND OF THE INVENTION

### 1. Field of the Invention

This invention and the field of endeavor that it pertains to is a system whereby data bases of accounting and tax preparation data, that is owned by accounting and tax preparation professional services firms, are organized and coordinated in a way that allows 3<sup>rd</sup> parties to electronically access data directly into their computerized applications without the need to re-key data.

### 2. Description of the Prior Art

CPA firms (and other professional income tax return preparers) maintain paper files of income tax returns as well as computer databases of such income tax returns. Before a lender will make a loan, the lender will request a copy of several years of income tax returns. Presently, loan applicants must furnish these copies to the lender. The manual process of handling paper income tax returns is slow, costly, and places considerable burden on professional tax preparers because they must furnish clients with copies of returns who will in turn give them to their lender.

This invention and the field of endeavor that it pertains to is a system whereby data bases of accounting and tax preparation data, that is owned by accounting and tax preparation professional services firms, are organized and coordinated in a way that allows 3<sup>rd</sup> parties to electronically access data directly into their computerized applications without the need to re-key data. By organizing and coordinating these databases, new and unrecognized benefits will be realized by both the accounting and tax preparation firms and end users such as lenders or data mining firms. There is currently no process or method for electronically exchanging tax return data currently in use that resembles this invention.

Previously, the Internal Revenue Service began a pilot program around year 1996 that sought to electronically confirm certain key numbers on a tax return after a request was made by a lender participating in the program. The program did not provide a complete transfer of information on the tax return(s) requested but only certain information such as a taxpayers adjusted gross income. Additionally, if the items sought to be confirmed by a lender differed from the amount confirmed by the Internal Revenue Service, the lender was obligated to provide the Internal Revenue Service with a complete copy of the paper tax return submitted by a loan applicant. The loan applicant was then audited and required to account for the discrepancy.

The Internal Revenue Service program was supposed to be expanded but to date is not widely used (and may not be used at all currently). The reason for lack of acceptance of the Internal Revenue Service program is likely that they have very outdated equipment, an inability to respond quickly because of the sheer size of the organization, a perception of distrust on the part of the public at large, and questions of whether they should be involved with a joint effort with private industry in such a manner at all.

The Wall Street Journal has called the IRS computer system a tangle of 80 mainframe computers, 1,335 mini-computers and 130,000 desktop computers that are largely unable to communicate with each other. So although the IRS could conceivably market its own data-base of information for electronic data interchange and/or data mining, it is likely that it would be unable to do so physically. Computer Sciences Corporation has been granted a contract in December, 1998 to upgrade the IRS computers however the IRS's own information officer has stated that it could take another 10-15 years to modernize its computer systems.

Presently, each invention of prior art differs materially from this invention. Specifically, the method for acquiring income tax financial data that is electronically transferred from a data source is different than the method proposed with this invention. The data is not keypunched or re-entered into a computer in any way. This method does not involve the scanning of any documents as a method of re-entry also. While the IRS method resembles the patent applied for in some limited respects, it only supplies partial tax return data drawn from IRS data. Additionally, for conventionally filed paper income tax returns, IRS personnel must manually keypunch tax return information into the tangle of IRS computers. This fact would prevent the IRS from rapidly responding to inquiries from 3<sup>rd</sup> parties such as lenders in a manner timely enough to achieve the verification desired by the lending industry. Currently, not all tax returns can be electronically filed because the Internal Revenue Service is not equipped to receive all returns in electronic format. It is well established that the IRS can take weeks if not months to process much less acknowledge receipt of tax returns. The accounting profession is in a much better if not ideal position to provide these services. This invention relies on the individual databases of tax return information warehoused at individual accounting and tax preparation firms. These differences in the quality, quantity and specific characteristics of data as well as the origin of the source of data have previously not been recognized or used. This represents a very material difference from all prior art. If there is commercial potential for this discrete tax preparation firm owned data, then it has been grossly under-utilized by the profession at large.

There is commercial potential for income tax data to be exchanged electronically with the financial services industry and specifically the lending industry. There is also commercial potential for using such data in the rapidly expanding area of database mining. This field, DataBase Mining, has the ability to utilize and analyze massive quantities of data to obtain surprising and unexpected results. It has the ability to look at vast amounts of data from multiple sources and find patterns and relationships in the data that are otherwise not readily evident. They remain obscured from ordinary analysis. It is possible that income tax data could be stripped of characteristics that associate it and identify it with a particular individual or entity, and such data could be used in the data mining process. The Gartner Group, Inc. expects the data mining industry to grow to be a \$16 Billion a year business by year 2002. Such data could represent an alternative to US Census data because US Census data is updated only once every 10 years. Because of the public relations difficulty and physical obstacles of the Internal Revenue Service becoming involved with selling data to private industry, instead private industry could utilize its own resources to achieve commercial results. It is clear that private industry (and particularly the accounting and tax preparation profession) has not made any connection to the potential improvements and benefits to the fields that this unutilized data may have. In other words, it is not obvious.

The American Institute of Certified Public Accountants has created the CPA Vision Project. The project has identified 7 economic platforms that will affect the profession of accounting in the future. Members of the profession as well as the profession itself are threatened with reduced revenues from traditional services, difficulty in adapting to rapid technological changes in the way the profession provides services, and even the type of services that are provided. Lower level and thus traditional accounting services will be displaced by higher level and higher economic value knowledge based services. By providing a method and framework for organizing the databases owned by the profession, it will advance the reputation, prestige, and utility of services by consumers of accounting and tax services. It is interesting to note that the duration of a utility patent is exactly 20 years, which corresponds to the time span of impact for platform #6 of the CPA Vision Project. Thus the profession will have difficulty maintaining its position as the pre-eminent provider of accounting and tax services during a period of rapid technological change unless the profession embraces methods that improve, enhance, and utilize existing and new resources. Traditional CPA tax services may be eroded by the entry of non-traditional providers of these services. This risk is even greater for solo practitioners and small accounting and tax preparation firms as the accounting profession is faced with consolidating forces. This trend toward large firms is arguably anti-competitive and could negatively affect how such services are priced and delivered. Additionally, it may make it more difficult for lower socioeconomic persons to obtain personalized assistance that they need. One of the few remaining buffers between the dizzying bureaucracy of the taxing authorities and ordinary citizens are practitioners who provide personalized service and who know how the system operates. Large consolidated accounting and tax firms would likely exacerbate the problem by further adding to depersonalization in an effort to bolster profits. As a case in point, as of this writing, Cisco Systems said it would invest \$1 Billion in the accounting firm of KPMG so KPMG could expand its technology consulting business. It is unclear what impact this would have on smaller practitioners or consumers. However, by providing small practitioners with a new revenue stream as well as enabling them to provide a unique service (that of electronic exchange of tax data) they will have a competitive advantage against both large firms and competition from non-traditional providers of accounting and tax preparation services.

A difficulty with actually implementing a direct electronic exchange of income tax data between firms and interested parties such as lenders or data mining firms is that without some agreement or standard for data format and a predetermined arrangement for allocating revenues and expenses associated with such a system, natural competitive forces would make differing systems for implementing electronic exchanges of data confusing. The end result would be that either there would be several large companies dominating the arena or any attempts to implement a workable system would be too fragmented. Therefore it makes sense that there is a gatekeeper organization to coordinate and organize all the databases owned by firms to ensure equal access and uniform standards. The gatekeeper would also provide for controls to protect confidentiality, and serve as a clearinghouse for allocating revenues and expenses back to accounting and tax preparation firms. Finally, the data of each accounting and tax preparation firm has less commercial value individually than it has when grouped together with the data of all accounting and tax preparation

firms. In other words, massive amounts of data have greater commercial value but all this data needs to be organized and coordinated by a gatekeeper that would be a cooperative clearing house or service bureau.

Several prior art patents have been issued dealing generally with the gathering of financial information. U.S. Pat. No. 5,239,462 issued to Jones et al discloses a method and apparatus to provide the real-time automatic determination of the approval status of a potential borrower of a loan. The Jones et al patent uses facsimile transmissions to quickly determine the approval of a loan application by way of predefined information entered on a form. However, the Jones et al patent does not teach storing information from the different borrowers in a central location to be used for statistical study purposes. The Jones et al patent does not further teach stripping such information of identifiable characteristics so that third parties may use the information without compromising the identity of the individual borrowers.

U.S. Pat. No. 5,274,547 issued to Zoffel et al discloses a system and methods for generating credit reports. A central data processor requests credit information on an applicant from one or more credit repositories through a dedicated data link. A credit report is then generated and transmits the report to the requesting user. Requests and reports are transmitted via a communication system or network. If data is inputted from more than one repository, the central data processing facility eliminates duplicated data. However, the Zoffel et al patent does not teach stripping such information of identifiable characteristics so that third parties may use the information for statistical study without compromising the identity of the individual applicants.

U.S. Pat. No. 5,606,496 issued to D'Agostino discloses a personal financial assistant computer system and method including customer terminals at financial institution branch offices or other locations. Each customer terminal stores financial information for the particular financial services sold at that terminal. At least one representative terminal is provided at a central location and includes a display and keyboard. A telephone link is also provided between the customer terminals and the representative terminals for voice communication. A representative at the representative terminal controls the customer terminal in response to commands initiated from the input device. However, the D'Agostino patent does not teach storing information from the different customers in a central location to be used for statistical study purposes. The D'Agostino patent does not further teach stripping such information of identifiable characteristics so that third parties may use the information without compromising the identity of the individual customers.

U.S. Pat. No. 5,611,052 issued to Dykstra et al discloses an apparatus and method for automatic credit evaluation and loan processing. The apparatus includes a central processing unit which has capabilities for communicating with off-site remote access terminals. The central processing unit is accessed from a remote terminal, loan application information is entered into the remote terminal, credit bureau information is accessed by the apparatus, credit scoring is performed, and a loan application is approved or declined. All steps, except for the entering of loan application information into the remote terminal, is fully automated. However, the Dykstra et al patent does not teach stripping such information of identifiable characteristics so that third parties may use the information for statistical study without compromising the identity of the individual applicants.

U.S. Pat. No. 5,724,523 issued to Longfield discloses an electronic data processing system for preparation of elec-

tronically filed tax returns and authorization and payments of refunds based on the data supplied in those returns. Electronic data processing programs are provided for creating an electronic tax return that is filed with a tax collecting authority. At the same time as the electronic tax return is created a loan application is processed to create an electronic deposit/loan account for the tax filer at an authorized credit institution. However, the Longfield patent does not teach storing information from the different tax payers in a central location to be used for statistical study purposes. The Longfield patent does not further teach stripping such information of identifiable characteristics so that third parties may use the information without compromising the identity of the individual tax payer.

U.S. Pat. No. 5,699,527 issued to Davidson discloses a loan processing system to aid a potential loan applicant preparing the necessary financial statement, loan application, and business plan to apply for a business loan. The lending institution then reviews the transmitted information and responds. However, the Davidson patent does not teach storing information from the different applicants in a central location to be used for statistical study purposes. The Davidson patent does not further teach stripping such information of identifiable characteristics so that third parties may use the information without compromising the identity of the individual applicants.

Other objects, features, and advantages of the invention will become more readily apparent upon reference to the following description when taken in conjunction with the accompanying drawings.

#### SUMMARY OF THE INVENTION

The invention is a system or apparatus for the electronic exchange of tax data between the financial services industry including the lending industry and/or other interested parties such as data mining firms of such data and the electronic data-bases owned and maintained by individual accounting and tax preparation firms. The exchange should be facilitated by a cooperative service bureau that acts as an intermediary to ensure the smooth flow of information, standardize the data formats, protect confidentiality by providing for controls, and allocating revenues and expenses. The service bureau would also add to the commercial value of the individual firm owned data. The exchanged data would be downloaded directly into applications of end users for analysis thus reducing or eliminating labor and costs due to data entry, filing, etc. A cooperative service bureau could also serve to package income tax data contained in consumer oriented tax software used by individuals to be delivered to other end users such as lenders.

The invention described has many advantages over existing methods and solves problems relating to prior art. By eliminating the use of paper copies of tax returns, costs for accounting and tax preparation firms are reduced by eliminating paper, postage, labor, and time. Users of such tax information save costs for the same reasons. Because information is accessed rapidly, the public is benefited by additional cost savings and faster decisions by lenders and other interested parties. Also, lenders and other interested parties have some assurance that information received directly from a professional tax preparer has not been altered in a fraudulent manner. The pilot program of the Internal Revenue Service only transmitted certain key numbers whereas this system transmits all tax information as well as certain information never before archived by the Internal Revenue Service. This complete transfer of tax information

will enable end users to perform a more complete analysis of a type not currently done. For example, these data would be downloaded into credit scoring software that could make an evaluation of a loan applicant based on many more factors than is currently being used including incorporating data-base mining techniques that would provide much more extensive analysis than that currently in use. Since professional tax preparers data would not be different from data submitted to the Internal Revenue Service by taxpayers, a layer of verification would be eliminated on the part of lenders. It should not be the function of the IRS to seek out fraud in the private sector. A self-policing profession would perform this function by its existing and evolving framework for professional ethics. Therefore, loan applicants would not be subject to cases of entrapment by tenders and the IRS. Individual firm databases are more reliable for retrieving and sending income tax data in a fast and efficient manner than IRS or other agency computers. This is so because the source of data is owned and managed by private industry. This invention provides a new and unique use for data owned by individual firms that creates new revenue streams for the profession and other users such as lenders. It does so in a way that enhances the image of the public accounting profession and the tax preparation profession and provides an answer to real competitive threats. Finally, such a system or apparatus would help keep competition open by providing small and large practitioners with a service that would act to reinforce client relationships by providing efficiency, cost savings, and goodwill in the form of improved service. It is similar to private delivery services competing with the United States Postal Service. Not only does the marketplace have a need for private and public carriers, but also competition keeps the marketplace for such services open and fair. There is a risk that large consolidated firms would eventually dominate this invention as the ease of using technology was met with sheer market size. Using this invention would allow smaller practitioners to continue to assist consumers in a personalized manner while still applying technology in a positive way.

#### BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1. A flow diagram of my method for the electronic exchange of tax information.

FIG. 2. A sample request form.

FIG. 3. A diagram of the growth of goodwill and revenue.

FIG. 4. A diagram of the flow of data and revenue.

#### DETAILED DESCRIPTION OF THE INVENTION AND PREFERRED EMBODIMENTS

Finally, the data are also stored in another massive database that strips away all personal identifying characteristics such as names, social security numbers, addresses and telephone numbers 40. These data will be made available for purchase or rental to organizations and companies that wish to utilize the data for data mining purposes 50. The data may be used either as is or combined with other data base warehouses of information.

In each case the owners of the original accounting and tax preparation firm databases 10 will be paid a usage fee based upon a rational allocation of individual taxpayer files. In the case of a specific tax return requested by a mortgage lender 60 for example, the fee will be paid by the mortgage lender 60. This cost will be built into the cost of the loan application process and will appear to be transparent to a loan applicant. The fee will be allocated to the tax preparation firm 10 and the service bureau 20.

When individual returns are used as part of a massive data base 40 for data base mining where the identifying information has been stripped away for the other essential data. Then, again, a rental fee or usage fee will be charged and divided between the originating tax preparation firm 10 and the service bureau 20.

While data may be dispatched directly from preparing firms 10 in the future, the beginning embodiment is for data to be cleared through a cooperative or service bureau 20. As systems are developed in the future, the data may one day be transmitted directly from originating tax preparation firms 10. It may prove to be convenient for such a service bureau 20 to also serve as a transmitter of electronically filed income tax returns because it would make sense to house the information at a single location.

For specific tax returns that are requested by a lender 60 of other 3<sup>rd</sup> party end user (that is returns with specific identifying characteristics of Name, tax identification number and address) a request form 70 would be filled out and faxed to the service bureau 20. In the future, an electronic request would be used as procedures and technology for authentication of requests is put into place and function with adequate controls.

FIG. 2 shows a sample request form 80 is enclosed with this patent application with the following item descriptions that are numbered from 100 through 1600.

Item #100. Date of request. (The date a taxpayer requests verification of tax data from the service bureau)

Item # 200 Fax number. This is the telephone number of the service bureau fax receiving point. At this point, there would either be some human intervention as a cross check for authentication and validity of request and/or the form could be scanned into a data storage and retrieval system used to generate data for the request.

Item# 300. Represents the full Firm Name of the firm that originally prepared the tax return

Item # 400. Represents the full name of the taxpayer listed on the return as filed with tax authorities. This could be an individual taxpayer or another type of entity such as a corporation or partnership.

Item # 500. Social Security Number of Tax Identification number of the person or entity named in item # 4.

Item # 600. Spouse's full name taxpayer listed on the return as filed with tax authorities.

Item # 700. Spouse's social security number of the person named in item # 6.

Item # 800. Calendar years requested or in the case of fiscal year filers, fiscal years requested that relate to the above named individuals or entities.

Item # 900 & 1000. Authorized taxpayer and spouse signatures. In the case of an entity other than an individual tax return, the authorized signer for that entity such as president of a corporation. In this case the title of the person signing would be so indicated.

Item # 1100. This is the signature of the authorized firm person such as a partner or the person that actually prepared and signed the return. This person is essentially vouching for the identity of the authorized taxpayer signature contained in item # 900 & 1000. Additionally, a procedure would be established so that a taxpayer could make a direct request to the service bureau without a tax preparing firm authorization. In this case a notary seal or other signature guarantee would be required before the request for taxpayer data would be processed.

Item #1200. The tax preparation firm would have a firm number as a unique identifying tag. The number would be

guarded like a password so that it would be very difficult to masquerade as an authorized tax preparation firm member. Also, the firm signer could also have an identifying number for the same purpose.

Item # 1300. Like a bank routing number on a check, the end user would have a routing number that would be used to route the data to that firm's computer system for direct download and analysis.

Item # 1400. This represents the "Uniform Resource Locator" in Internet Jargon. This also would be used to route data to an end user. However, there may also be routing of data over private computer network other than the Internet to ensure integrity and privacy of data.

Item # 1500. This is the name of the end user of data. This would be the name of the lender for example.

Item # 1600. The transaction number is a number that would be assigned for tracking purposes and would also act like an invoice number so that the appropriate user fee would be charged to the end user such as a lender.

Once a valid request for data is received by the service bureau 20, the embodiment of the flow of income tax data from the tax preparation firm 10 to the ultimate end user 50,60 is described as follows. See FIG. 1.

Step A. A request for verification is faxed to the service bureau 20 organization that houses data from participating tax preparation firms 10. The request is originated by a specific taxpayer 90 who wants to have his or her taxpayer information verified to a lender, for example. This authorizing document (or electronic facsimile), known as the Transmittal from Electronic Return Originator, is processed so that the requested data is located in the service bureau 20 data warehouse and packaged or arranged in a format for download into the end users computer system. The format may simply be one currently in use or may be created to facilitate particular needs of end users.

Step B. Tax preparation firm 10 submits their databases of income tax data for archival and later retrieval by requesting organizations. Such retrievals will consist of specific requests 70 for taxpayer income tax data with identifying characteristics attached such as name and tax ID#, and request for bulk tax data stripped of specific identifying data to be used for data mining purposes by a variety of organizations. Clients of accounting and tax preparation firms 90 engage and employ these professional service firms 10 to assist them with their tax compliance matters. As a result of automated tax preparation, these accounting and tax firms 10 have warehouses of databases of tax returns in digitized format. These data warehouses are kept traditionally to satisfy Internal Revenue Service rules relating to record keeping and have not been viewed as having a value outside this requirement. Such firm owned databases also represent customer lists that are used for assigning a dollar value as to goodwill or going concern value. These values for goodwill or going concern have no previously recognized value in the marketplace except for purposes of selling an entire or portion of a tax practice and/or for cross selling additional financial products and services. The value of these data lists as lists has been grossly unutilized. Step C. As a result of owning these data bases of taxpayer data that originate from the performance of professional accounting and tax preparation services 10, these data now have value if they can be organized and coordinated to capitalize on the data as data and not just customer lists. By participating in the massive archival of all firm data at a central service bureau 20, a service bureau 20 can organize all these data and coordinate dissemination of such data for a rental fee or user fee. This

fee is very different from fees collected by professional accounting and tax preparation firms 10 for the original purpose of their work. That being assisting the client in complying with myriad tax rules. It is this new used coupled with the fact that the data originate directly from tax preparation firms 10 instead of the Internal Revenue Service or other tax authorities together with the fact that the quantitative and qualitative characteristics of the data are very different from data archived by tax authorities makes this system extremely commercially valuable.

Step D. When 3<sup>rd</sup> party users of data 50, 60 analyze data received by direct electronic exchange, they are benefited in several important ways. First, they save money through efficiency. Secondly, efficiency creates speed in processing their paperwork such as a loan application. Third, such efficiency and speed create goodwill for their customers and provide an important marketing tool in marketing their services or goods. Forth, not only is money saved though costs savings, it is possible to mark up such process of participating and executing this invention thus creating a new revenue stream. This revenue stream will be shared with other members in the chain of data flow.

Step E. Data that is warehoused at the service bureau 20 is also stored in a separate massive data base stripped of its identifying characteristics 40. This data will be sold in bulk for data mining purposes.

Step F. 3<sup>rd</sup> party users such as lenders 60 remit user fees back to service bureau a portion of which is allocated back to the accounting and tax preparation firm 10 that originated the data. Accounting and tax preparation firms 10 will realize a new and never before seen source of revenue. They will experience enhanced status and client goodwill. The relationships with their clientele will be fortified as clients realize there is a new and additional reason to continue with the relationships between themselves and their accounting and tax preparation firms. Otherwise, changes in the professional of accounting and tax preparation will erode the status and revenues that these firm 10 have had either through technology in the hand of clients or other competitive pressures in the marketplace.

The embodiments for effecting data exchanges between accounting and tax preparation firms 10, the service bureau 20, and companies performing data mining of taxpayer data 50 are similar to the request procedures above. There will be a request procedure 95 to receive data stripped of identifying characteristics. The request 95 will consist of a form that specifies the exact parameters of data requested such as zip codes, income levels, age of taxpayer, etc. The request would be similar to that used in the list brokering industry except that the use of the information will be for data mining and not marketing directly.

The service bureau 20 that acts as the aggregator and conduit of massive quantities of data on behalf of accounting and tax preparation firms 10 will allocate revenues and expenses back to the accounting and tax preparation firms. The service bureau 20 will add value to data because the data is more valuable to data miners in massive quantities. The data must also be coordinated and arranged in such a way that it is usable by data mining companies 50. For example, because accounting and tax preparation firms 10 maintain their data in numerous professional tax preparation software packages, the data must be standardized in order to be usable to data mining companies 50.

This new process creates a entirely new revenue stream for the accounting and tax preparation profession. It will add to the prestige, status, and goodwill of accounting and tax

preparation firms 10 by also creating a new and useful service previously unrecognized by the profession and the consuming public by creating cost savings for everyone. It will provide useful and critical strategic insights into existing problems and provide solutions to problems not yet recognized in many industries and the economy as a whole. These massive amounts of data to be used in data mining provide alternatives to existing methods of compiling information such as United States Census Bureau data because they will be available every year on an up to date basis. These massive amounts of data can be used in a way contrary to old beliefs. By adding these massive amounts of data to other data warehouses, it increases the value of all data mining. These massive amounts of data have the potential to influence how business is done on a very large scale and as such will provide startling and surprising results. Because it is not obvious from any prior art that these result would have been predicted, certain details of the embodiment have not been finalized however, the above description provides a working model. The accounting and tax preparation profession have not recognized in any manner that the data bases owned by individual firms 10 have value beyond that of a record keeping/filing system that is a consequence of performing traditional functions and services.

Referring to FIG. 4, when individuals 2000, small businesses 2010, government 2020, or large businesses 2030 use information, they pay a usage fee 2040. This usage fee is collected by the central data repository 20. The central data repository or gatekeeper authority 20 allocates revenues 2040 back to originating firms and based on a rational allocation. Revenue 2040 may not necessarily be collected by the central data repository 20 in cash money. Such revenue 2040 will also be collected in the form of additional data or other intangible consideration or a plurality of consideration.

Referring to FIG. 3, every time a business operating cycle 3000 ends and then begins, the market is increased by a unit of growth. Each operating cycle adds information and revenue to a larger market. With each operating cycle, the number of originators, and the number of third party end users increase. Therefore FIG. 3 represents a sustained marketplace that is the expression of anticipated future revenues. This is also known as goodwill. FIGS. 1,2,3, and 4 represent both individually and collectively a market. Markets are typified by orderliness of transactions. In the instance of the electronic exchange of tax information, it is not likely that such orderliness could be achieved using existing methods and systems

The invention described above is the preferred embodiment of the present invention. It is not intended that the novel device be limited thereby. The preferred embodiment may be susceptible to modifications and variations that are within the scope and fair meaning of the accompanying claims and drawings.

FIG. 1 shows data is to be submitted by participating accounting and tax preparation firms 10 in electronic format as simply a backup of the database of their respective tax preparation software. The data can be submitted by storing the data in a portable storage medium such as floppy disks, data tapes, or compact disks, but preferably is submitted by electronic transmission download over the internet from the tax preparation firms 10 to the service bureau or data cooperative 20. When received by the service bureau or data cooperative 20, the data is catalogued and stored in multiple formats. When received by the service bureau 20 data is stored in the format received. This data can be used for two



purposes that provide advantages to accounting and tax preparation firms 10.

First, a service bureau 20 can provide no cost or very low cost off site archival of data. Backing up firm 10 data is a critical function that is frequently overlooked by smaller accounting and tax preparation firms. Secondly, a service bureau 20 can provide no cost or very low cost transmission of electronically filed income tax returns. Currently, most firms 10 pay a user fee to their software vendor for this service. Then, data is stored in detail with associated identifying characteristics of the taxpayers such as name, social security numbers, and addresses. These data are to be stored on a separate system 30 that protects the confidentiality of each taxpayer and may only be released with proper authorization procedures and controls. These data are also converted to an electronic format suitable for retrieval by users requesting information such as a mortgage lender. The format will enable mortgage lenders to directly download the complete tax return into their analysis software and/or credit scoring software.

When individual returns are used as part of a massive data base for data base mining where the identifying information has been stripped away for the other essential data. Then, again, a rental fee or usage fee will be charged and divided between the originating tax preparation firm and the service bureau.

While data may be dispatched directly from preparing firms in the future, the beginning embodiment is for data to be cleared through a cooperative or service bureau. As systems are developed in the future, the data may one day be transmitted directly from originating tax preparation firms. It may prove to be convenient for such a service bureau to also serve as a transmitter of electronically filed income tax returns because it would make sense to house the information at a single location.

For specific tax returns that are requested by a lender of other 3<sup>rd</sup> party end user (that is returns with specific identifying characteristics of Name, tax identification number and address) a request form would be filled out and faxed to the service bureau. In the future, an electronic request would be used as procedures and technology for authentication of requests is put into place and function with adequate controls.

A sample request form is enclosed with this patent application with the following item descriptions that are numbered from 1 through 16.

Item #1. Date of request. (The date a taxpayer requests verification of tax data from the service bureau)

Item # 2 Fax number. This is the telephone number of the service bureau fax receiving point. At this point, there would either be some human intervention as a cross check for authentication and validity of request and/or the form could be scanned into a data storage and retrieval system used to generate data for the request.

Item# 3. Represents the full Firm Name of the firm that originally prepared the tax return

Item # 4. Represents the full name of the taxpayer listed on the return as filed with tax authorities. This could be an individual taxpayer or another type of entity such as a corporation or partnership.

Item # 5. Social Security Number of Tax Identification number of the person or entity named in item # 4.

Item # 6. Spouse's full name taxpayer listed on the return as filed with tax authorities.

Item # 7. Spouse's social security number of the person named in item # 6.

Item # 8. Calendar years requested or in the case of fiscal year filers, fiscal years requested that relate to the above named individuals or entities.

Item # 9 & 10. Authorized taxpayer and spouse signatures. In the case of an entity other than an individual tax return, the authorized signer for that entity such as president of a corporation. In this case the title of the person signing would be so indicated.

Item # 11. This is the signature of the authorized firm person such as a partner or the person that actually prepared and signed the return. This person is essentially vouching for the identity of the authorized taxpayer signature contained in item # 9 & 10. Additionally, a procedure would be established so that a taxpayer could make a direct request to the service bureau without a tax preparing firm authorization. In this case a notary seal or other signature guarantee would be required before the request for taxpayer data would be processed.

Item # 11. The tax preparation firm would have a firm number as a unique identifying tag. The number would be guarded like a password so that it would be very difficult to masquerade as an authorized tax preparation firm member. Also, the firm signer could also have an identifying number for the same purpose.

Item # 12. Like a bank routing number on a check, the end user would have a routing number that would be used to route the data to that firm's computer system for direct download and analysis.

Item # 14. This represents the "Uniform Resource Locator" in Internet Jargon. This also would be used to route data to an end user. However, there may also be routing of data over private computer network other than the Internet to ensure integrity and privacy of data.

Item # 15. This is the name of the end user of data. This would be the name of the lender for example. Item # 16. The transaction number is a number that would be assigned for tracking purposes and would also act like an invoice number so that the appropriate user fee would be charged to the end user such as a lender.

Once a valid request for data is received by the service bureau, the embodiment of the flow of income tax data from the tax preparation firm to the ultimate end user is described as follows. Each step is labeled to correlate to a schematic diagram that is enclosed with this patent application.

Step A. A request for verification is faxed to the service bureau organization that houses data from participating tax preparation firms. The request is originated by a specific taxpayer who wants to have his or her taxpayer information verified to a lender, for example. This authorizing document (or electronic facsimile), known as the Transmittal from Electronic Return Originator, is processed so that the requested data is located in the service bureau data warehouse and packaged or arranged in a format for download into the end users computer system. The format may simply be one currently in use or may be created to facilitate particular needs of end users.

Step B. Tax preparation firm submits their databases of income tax data for archival and later retrieval by requesting organizations. Such retrievals will consist of specific requests for taxpayer income tax data with identifying characteristics attached such as name and tax ID#, and request for bulk tax data stripped of specific identifying data to be used for data mining purposes by a variety of organizations. Clients of accounting and tax preparation firms engage and employ these professional service firms to assist them with their tax compliance matters. As a result of

automated tax preparation, these accounting and tax firms have warehouses of databases of tax returns in digitized format. These data warehouses are kept traditionally to satisfy Internal Revenue Service rules relating to record keeping and have not been viewed as having a value outside this requirement. Such firm owned databases also represent customer lists that are used for assigning a dollar value as to goodwill or going concern value. These values for goodwill or going concern have no previously recognized value in the marketplace except for purposes of selling an entire or portion of a tax practice and/or for cross selling additional financial products and services. The value of these data lists as lists has been grossly unutilized.

Step C. As a result of owning these data bases of taxpayer data that originate form the performance of professional accounting and tax preparation services, these data now have value if they can be organized and coordinated to capitalize on the data as data and not just customer lists. By participating in the massive archival of all firm data at a central service bureau, a service bureau can organize all these data and coordinate dissemination of such data for a rental fee or user fee. This fee is very different from fees collected by professional accounting and tax preparation firms for the original purpose of their work. That being assisting the client in complying with myriad tax rules. It is this new use coupled with the fact that the data originate directly from tax preparation firms instead of the Internal Revenue Service or other tax authorities together with the fact that the quantitative and qualitative characteristics of the data are very different from data archived by tax authorities makes this system extremely commercially valuable. Step D. When 3<sup>rd</sup> party users of data analyze data received by direct electronic exchange, they are benefited in several important ways. First, they save money through efficiency. Secondly, efficiency creates speed in processing their paperwork such as a loan application. Third, such efficiency and speed create goodwill for their customers and provide an important marketing tool in marketing their services or goods. Forth, not only is money saved though costs savings, it is possible to mark up such process of participating and executing this invention thus creating a new revenue stream. This revenue stream will be shared with other members in the chain of data flow.

Step E. Data that is warehoused at the service bureau is also stored in a separate massive data base stripped of its identifying characteristics. This data will be sold in bulk for data mining purposes. Step F. 3<sup>rd</sup> party users such as lenders remit user fees back to service bureau a portion of which is allocated back to the accounting and tax preparation firm that originated the data. Accounting and tax preparation firms will realize a new and never before seen source of revenue. They will experience enhanced status and client goodwill. The relationships with their clientele will be fortified as clients realize there is a new and additional reason to continue with the relationships between themselves and their accounting and tax preparation firms. Otherwise, changes in the professional of accounting and tax preparation will erode the status and revenues that these firm have had either through technology in the hand of clients or other competitive pressures in the marketplace.

The embodiments for effecting data exchanges between accounting and tax preparation firms, the service bureau, and companies performing data mining of taxpayer data are similar to the request procedures above. There will be a request procedure to receive data stripped of identifying characteristics. The request will consist of a form that specifies the exact parameters of data requested such as zip

codes, income levels, age of taxpayer, etc. The request would be similar to that used in the list brokering industry except that the use of the information will be for data mining and not marketing directly.

The service bureau that acts as the aggregator and conduit of massive quantities of data on behalf of accounting and tax preparation firms will allocate revenues and expenses back to the accounting and tax preparation firms. The service bureau will add value to data because the data is more valuable to data miners in massive quantities. The data must also be coordinated and arranged in such a way that it is usable by data mining companies. For example, because accounting and tax preparation firms maintain their data in numerous professional tax preparation software packages, the data must be standardized in order to be usable to data mining companies.

This new process creates a entirely new revenue stream for the accounting and tax preparation profession. It will add to the prestige, status, and goodwill of accounting and tax preparation firms by also creating a new and useful service previously unrecognized by the profession and the consuming public by creating cost savings for everyone. It will provide useful and critical strategic insights into existing problems and provide solutions to problems not yet recognized in many industries and the economy as a whole. These massive amounts of data to be used in data mining provide alternatives to existing methods of compiling information such as United States Census Bureau data because they will be available every year on an up to date basis. These massive amounts of data can be used in a way contrary to old beliefs. By adding these massive amounts of data to other data warehouses, it increases the value of all data mining. These massive amounts of data have the potential to influence how business is done on a very large scale and as such will provide startling and surprising results. Because it is not obvious from any prior art that these result would have been predicted, certain details of the embodiment have not been finalized however, the above description provides a working model. The accounting and tax preparation profession have not recognized in any manner that the data bases owned by individual firms have value beyond that of a record keeping/filing system that is a consequence of performing traditional functions and services.

I claim:

1. A method for the electronic exchange and storage of complete tax returns, the method comprising:

receiving complete tax returns over the Internet prepared by a plurality of tax return preparation entities in original format;

storing the complete tax returns in original form in a central database, the central database providing offsite back up of the complete tax returns;

compiling specific data from the complete tax returns, the compilation containing statistically significant information from the tax returns prepared by the plurality of tax return preparation entities;

storing the statistically significant information in a second database;

receiving a request from a requesting party for use of the statistically significant information;

retrieving data from the statistically significant information to fill the request;

sending the requested data to the requesting party; and charging a fee for retrieving and sending the requested data to the requesting party.

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2. A method for the electronic exchange and storage of complete tax returns, the method comprising:

receiving complete tax returns over the internet prepared by a plurality of tax return preparation entities in original format;

storing the complete tax returns in original form in a central database, free of charge the central database providing offsite back up of the complete tax returns;

compiling specific data from the complete tax returns, the compilation containing statistically significant information from the tax returns prepared by the plurality of tax return preparation entities;

storing the statistically significant information in a second database;

receiving a request from a requesting party for use of the statistically significant information;

retrieving data from the statistically significant information to fill the request;

sending the requested data to the requesting party; and charging a fee for retrieving and sending the requested data to the requesting party.

3. The method of claim 2 wherein providing the storage of the data free of charge generates goodwill toward the party practicing the method.

4. A system for the electronic transmission and storage of complete tax returns, the system comprising:

a plurality of independent processing means for electronic preparation and transmission of complete tax returns;

a central database having a communication link to the plurality of independent processing means for receiving transmissions via the internet from the plurality of independent processing means, the central database storing the complete tax returns in quantities statistically significant for analysis;

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a central processing means compiling specific types of data from the central database;

a second data base storing the compiled data from the central processing means allowing statistical analysis of the compiled data; and

an automatic electronic processing means for collecting a fee for accessing the compiled data.

5. A system for the electronic exchange and storage of complete tax returns, the system comprising:

a plurality of independent processing means for electronic preparation and transmission of complete tax returns;

a central database having a communication link to the plurality of independent processing means for receiving transmissions from the plurality of independent processing means, the central database storing the complete tax returns in quantities statistically significant for analysis;

a central processing means compiling specific types of data from the central database;

a second data base storing the compiled data from the central processing means;

a request processing means having a communication link to the plurality of independent processing means, the request processing means having algorithmic means for processing a request for information and for sending requested information to the plurality of independent processing means; and

an automatic electronic processing means for collecting a fee for accessing the compiled data.

6. The system for the electronic exchange and storage of complete tax returns of claim 5 wherein the communication link is established via the internet.

\* \* \* \* \*

# **ATTACHMENT B**

The opinion in support of the decision being entered today was *not* written for publication and is *not* binding precedent of the Board.

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* SIMPLIFICATION, LLC

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Appeal 2007-0712  
Reexamination Control 90/006,713<sup>1</sup>  
Patent 6,202,052  
Technology Center 3600

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Decided: July 31, 2007

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Before JAMESON LEE, SALLY C. MEDLEY, and JAMES T. MOORE,  
*Administrative Patent Judges.*

MEDLEY, *Administrative Patent Judge.*

**DECISION ON APPEAL**

**A. Statement of the Case**

This appeal under 35 U.S.C. §§ 134 and 306 is from a final rejection of claims 1-20 and 29-36. We have jurisdiction under 35 U.S.C. § 6(b).

The prior art relied upon by the Examiner in rejecting the claims on

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<sup>1</sup> Application filed 11 July 2003.

Appeal 2007-0712  
Application 90/006,713

appeal is:

Scott Beamer, *A Marriage of Convenience*. (*MacInTax, MacMoney, and Dollars & Sense for tax preparation and planning*), *MacUser*, v3, n3, p102(4) (March 1987).

*It's W-2 Time – But This Year There's a Better Way to Do your Taxes*, PR Newswire, (February 1987).

Laura Lou Meadows, *Faster refunds with electronic filing: computerizing your relationship with the IRS*, *PC Magazine*, v9, n4, p388(2) (February 1990).

*Electronic tax payment through TAXLINK discussed in IRS procedure, standard Federal Tax Reports*, *Taxes on Parade*, v80, n25, p4 (June 1993).

Claims 29-36 stand rejected under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement.

Claims 29-36 stand rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 1, 2, 6, 8-10, 14, 15, 17-20 and 29-36 stand rejected under 35 U.S.C. § 102(b) as being anticipated by Beamer as further supported by "It's W-2 Time."

Claims 3-5, 7 and 16 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Beamer and further in view of "It's W-2 Time."

Claims 11-13 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Beamer, "It's W-2 Time", Meadows and "Electronic Tax Payment Through TAXLINK Discussed in IRS Procedure."

*The Invention*

The invention relates to a system and method for collecting, processing and reporting tax data. A tax payer provides information to an electronic intermediary. The information provided may include, for example, the tax payer's social security number, so that the electronic intermediary may electronically search databases for the tax payer's tax data (Specification col. 4:51-56). Alternatively, the tax payer may provide account access information to the electronic intermediary so that the electronic intermediary may electronically contact and collect from tax data providers the tax payer's tax data (Specification col. 4:56-62).

The electronic intermediary electronically processes the collected tax data to determine the tax payer's tax liability. The electronic intermediary prepares a tax return using the processed data, connects to a taxing authority and files a tax return with the taxing authority.

*Procedural Posture and Related Proceedings*

On 8 April 2003, patentee (hereafter "Simplification"), the real party in interest of U.S. patent 6,202,052 ('052) filed a patent infringement action against Block Financial Corporation ("Block") in the United States District Court for the District of Delaware based on '052. On 11 July 2003, Block requested reexamination of '052. Reexamination was granted on 2 October 2003. The civil case was stayed pending the reexamination. Simplification appealed under 35 U.S.C. §§ 134 and 306 from a final rejection of claims 1-20 and 29-36. The appeal is the subject of this decision.

On 24 February 2004, Simplification filed a patent infringement action against Block in the United States District Court for the District of Delaware based on U.S. Patent 6,697,787 ('787), which is a child of the involved reexamination application. On 15 March 2004, Block requested reexamination of the '787 patent, which reexamination was granted on 3 June 2004. The civil action was stayed pending the reexamination. Simplification appealed from a final rejection in that case, which is also before us and is decided in a separate, concurrently mailed paper.

**B. Issue**

1) The first issue before us is whether the Examiner has sufficiently demonstrated that claims 29-36 are unpatentable under the written description requirement of 35 U.S.C. § 112, ¶ 1?

For the reasons that follow, we conclude that the Examiner has failed to sufficiently demonstrate that claims 29-36 are unpatentable under the written description requirement of 35 U.S.C. § 112, ¶ 1.

2) Has the Examiner sufficiently demonstrated that claims 29-36 are unpatentable under 35 U.S.C. § 112, ¶ 2?

For the reasons that follow, we conclude that the Examiner has failed to sufficiently demonstrate that claims 29-36 are unpatentable under 35 U.S.C. § 112, ¶ 2.

3) The last issue before us is whether the Examiner has sufficiently demonstrated that there is a basis for rejecting the claims based on the prior art relied on by the Examiner?



For the reasons that follow, we conclude that the Examiner has failed to sufficiently demonstrate that there is a basis for rejecting the claims based on the prior art relied on by the Examiner.

### **C. Findings of Fact**

The record supports the following findings of fact as well as any other findings of fact set forth in this opinion by at least a preponderance of the evidence.

1. Claims 1-20 and 29-36 are the subject of this appeal.
2. Claims 1-20 are original '787 patent claims.
3. Independent claims 1, 15, 19 and 20 are as follows:
  1. A method for automatic tax reporting by an electronic intermediary comprising:
    - connecting electronically said electronic intermediary to a tax data provider;
    - collecting electronically tax data from said tax data provider;
    - processing electronically said tax data collected electronically from said tax data provider to obtain processed tax data;
    - preparing electronically an electronic tax return using said processed tax data;
    - connecting electronically said electronic intermediary to a taxing authority; and
    - filing electronically said electronic tax return with said taxing authority.

15. An apparatus for automatic tax reporting by an electronic intermediary comprising:

means for connecting electronically said electronic intermediary to a tax data provider;

means for collecting electronically tax data from said tax data provider;

means for processing electronically said tax data collected electronically from said tax data provider to obtain processed tax data;

means for preparing electronically an electronic tax return using said processed tax data;

means for connecting electronically said electronic intermediary to a taxing authority; and

means for filing electronically said electronic tax return with said taxing authority.

19. A computer-readable medium embodying a computer program for automatic tax reporting by an electronic intermediary, said computer program comprising code segments for:

connecting electronically said electronic intermediary to a tax data provider;

collecting electronically tax data from said tax data provider;

processing electronically said tax data collected electronically from said tax data provider to obtain processed tax data; and

preparing electronically an electronic tax return using said processed tax data;

connecting electronically said electronic intermediary with a  
taxing authority; and

filing electronically said electronic tax return to said taxing  
authority.

20. A method for automatic tax reporting by an electronic  
intermediary comprising:

connecting electronically said electronic intermediary to a tax  
data provider;

collecting electronically tax data from said tax data provider;

processing electronically said tax data collected electronically  
from said tax data provider to obtain processed tax data; and

preparing electronically an electronic tax return using said  
processed tax data.

4. Each of claims 29-36 were first presented during reexamination.

5. Each one of claims 29-36 are independent claims.

6. Independent claims 29-36 are variations of and similar to the  
original independent claims 1, 15, 19 and 20, but differ with the added  
language:

(1) “wherein said tax data collected electronically is not  
collected manually, and wherein said tax data collected electronically is not  
manually entered onto said electronic tax return” (claims 29-32), and

(2) the tax data is collected “automatically” (33- 36).

The 112, ¶ 1 and ¶ 2 rejections

7. The Examiner rejected claims 29-36 under 35 U.S.C. 112, ¶ 1, as the Specification allegedly does not provide the intended metes and bounds of:

1) the electronic collection of tax data wherein the tax data collected electronically is not collected manually or manually entered onto said electronic tax return (as recited in claims 29-32) (Final Rejection 5 and Answer 5-6);

2) the automatic and electronic collection of tax data (as recited in claims 33-36) (Final Rejection 12 and Answer 6).

8. The Examiner also argues that since the Specification describes that the invention may be implemented using existing software, such as TurboTax®, that the demarcation between one off-the-shelf software program being integrated into another piece of software is not made clear by the Specification (Final Rejection 11 and Answer 5 and 40-41).

9. Simplification's Specification states:

Hence, with the electronic collection of tax data as in step 12, the invention eliminates the current requirement that a taxpayer manually collect the tax data, eliminates the current requirement that a taxpayer manually enter such tax data onto a tax return or into a computer, and eliminates the need for all, or virtually all, intermediate hard copies of tax data, thereby saving paper, time, and cost.

In step 13, the electronic intermediary processes the tax data obtained electronically from the tax data providers in step 12. In the present invention, step 13 can be implemented using a computer program similar to the computer programs currently available in the

market place, such as TurboTax, which is a registered trademark of Intuit, Inc. Although step 13 can be implemented with current technology, the current technology requires that the tax data and other information relevant to the taxpayer be inputted manually. With the present invention, this information is obtained as described above in steps 11 and 12. ('052 col. 6:23-41).

10. The Specification also describes the following:

Alternatively, the electronic intermediary can connect electronically with the IRS, and receive the tax data from the IRS. In this alternative embodiment, the tax data providers have already provided the tax data to the IRS and the electronic intermediary obtains the tax data from the IRS, and not the tax data providers. Further, the electronic intermediary can connect electronically with other taxing authorities possessing the taxpayer's tax data. In this case, the electronic intermediary receives the tax data from the taxing authorities instead of the tax data providers. ('052 col. 6:13-23).

11. The Examiner rejected claims 29-36 under 35 U.S.C. 112, ¶ 2 for the identical reasons articulated in connection with the 112, ¶ 1 rejection (Final Rejection 12-15 and Answer 6-9).

12. Simplification argues that the Examiner's rejections are improper since any rejection made under 35 U.S.C. 112, ¶ 1 should be limited to only the amended or added language (Br. 14-15).

13. The Examiner responded and argued that the amendments alter the scope of the claims as a whole and that the rejection is proper (Answer 36).

14. In response to Simplification's arguments, the Examiner agrees that the Specification does provide support for the electronic transmission of data and software processing using the data, but argues that the Specification

fails to explain in detail how this is accomplished (Answer 36).

*The rejection of Claims 1, 2, 6, 8-10, 14, 15, 17-20 and 29-36 as being anticipated by Beamer and "It's W-2 Time"*

15. The Examiner relied on the "It's W-2 Time" article for the purpose of showing "various characteristics of MacInTax that are deemed to be inherent to the version of MacInTax described in Beamer."

16. Specifically, the Examiner relied on "It's W-2 Time" to demonstrate that the MacInTax described in Beamer performs all tax calculations on the computer (Final Rejection 15-16 and Answer 9-10).

17. The Examiner found that Beamer describes connecting electronically an electronic intermediary to a tax data provider and collecting electronically tax data from the tax data provider (e.g., Final Rejection 16-17 and Answer 10-12).

18. Specifically, the Examiner found with respect to independent claims 1, 10, 31, 32, 34, 35, 37-40 (directing attention to Beamer ¶¶ 3, 4, 6, 15, 16, 23, and 26) that:

The tax preparation software, e.g., MacInTax, can electronically connect to and download relevant financial information from a bank via a home accounting program, e.g., Dollars & Sense. This downloaded information is used to assist in completing one's tax return. Completion of an IRS tax form is expressly disclosed by Beamer; therefore, by using data downloaded from a bank to complete the IRS tax form, said data qualifies as tax data since it provides information that is required to complete one's tax return (e.g., Final Rejection 16 and Answer 10).

19. The following is from ¶ 3 of Beamer:

One day in the not-too-distant future Jan and Jim Smithwick will have their employers transmit their salaries electronically directly into their personal bank accounts. They will be able to download their bank records into their personal financial software. That program can then pass the information to a tax preparation program.

20. Moneyline, the program that allows electronic access to a bank is described as follows:

Moneyline allows you to communicate directly with your bank's computer system. Many transactions can be directly fed by the bank's computer into Dollar & Sense accounts. This reduces the drudgery of retyping data, increases accuracy and gives convenient access to bank information at any time, not just when the statement arrives. (¶ 26).

21. Beamer describes Dollars & Sense as a home accounting program that keeps track of personal finances (¶ 1 and 6).

22. Beamer also describes the following with respect to home accounting software programs:

Grooming your files at the end of the year is a must. If your accounts balance at the end of the year, you are in pretty good shape but transactions can still be in the wrong categories. At tax time it is necessary to review all transactions one by one, making sure that each is in the correct category and correctly marked as taxable or nontaxable. It is best to empty out the "Misc." and "Cash" accounts as much as possible.

Hopefully, before tax time rolls around you will have been practicing with report templates all year. This is the most difficult part of using these programs, especially with MacMoney, because there are so many variables to deal with. You must make a year end report that will correctly summarize the tax data from your files. If you have been

using the suggested tax accounts from the program, this shouldn't be too hard (Beamer ¶¶ 36 and 37).

23. Simplification argued that Beamer fails to describe that the tax data provider, e.g., the bank, provides tax data as follows:

Contrary to the assertion in the Final Office Action, the bank record and the salary deposit indicated by Beamer are **not** "tax data." Beamer teaches that the bank record indicates salary of the taxpayer. Beamer, ¶ 3. This salary entry in the bank record is the net pay of the taxpayer. One of ordinary skill in the art of taxes would know that this salary entry, by itself, **neither** includes **nor** suggests the taxpayer's gross income, the tax withholdings taken from the taxpayer's gross income by the taxpayer's employer, and other deductions, such as, for example, retirement deductions, transportation deductions, and parking deductions, all of which are used to determine the taxpayer's taxable income. Further, one of ordinary skill in the art of taxes would know that, given that the employer withheld money from the taxpayer's income, the tax return including only the salary deposit indicated in the bank record of Beamer would be **incorrect** because that tax return would not include the taxpayer's taxable income. Only through **manual input**, then, could the taxpayer's taxable income be obtained. Hence, the downloaded bank record disclosed in Beamer, which indicates the salary deposit of the taxpayer, is **not** "tax data" because, by itself, the salary entry in the bank record cannot be used to prepare the tax return of the taxpayer. (Br. 45) (emphasis by Simplification).

24. The Examiner responded and argued that:

Beamer discloses that the tax preparation software, e.g., MacInTax, can electronically connect to and download relevant financial information from a bank via a home accounting program, e.g., Dollars & Sense (¶¶ 3, 4, 6, 15, 16, 23, 26). This downloaded information is used to assist in completing one's tax return. Completion of an IRS tax form is expressly disclosed by Beamer;



therefore, by using data downloaded from a bank to complete the IRS tax form, said data qualifies as tax data since it provides information that is required to complete one's tax return. Beamer ultimately utilizes the downloaded bank statement information to electronically prepare a tax return, thereby addressing both the spirit and literal interpretation of the claimed invention. Furthermore, Patent Owner's independent claims recite "collecting electronically tax data from said tax data provider." Since the collected tax data is not referred to as "said tax data," it is not necessarily required that the collected tax data be the type of tax data expressly recited as possessed by the tax data provider. (Answer at 44-45).

25. The Simplification Specification gives examples of the type of data that is considered "tax data" as follows:

This information [data needed to compute the tax payer's liability] includes: IRS Forms W-2 from their employers; IRS Forms 1099 from their banks; each mutual fund in which interests are held, each broker in respect of dividends, interest and gross brokerage proceeds, and other persons from whom payments are received; IRS Forms 1098 in respect of residential mortgage interest paid; and canceled checks or other acknowledgments from charitable organizations ('052, col. 2:21-29).

Obviousness rejection

26. The Examiner rejected dependent claims 3-5, 7 and 16 based on Beamer and further supported by "It's W-2 Time" as applied in the anticipation rejection and also based on Official Notice taken by the Examiner (Final Rejection 38-40 and Answer 32-33).

27. The Examiner rejected dependent claims 11-13 based on Beamer and further supported by "It's W-2 Time" as applied in the anticipation

rejection and also based on Meadows and “Electronic Tax Payment Through TAXLINK Discussed in IRS Procedure.” (Final Rejection 40-42 and Answer 33-35).

**D. Principles of Law**

35 U.S.C. § 112, ¶ 1

Adequate written description means that, in the Specification, the applicant must “convey with reasonable clarity to those skilled in the art that, as of the filing date sought, he or she was in possession of the [claimed] invention.” *Vas-Cath, Inc. v. Mahurkar*, 935 F.2d 1555, 1563-64, 19 USPQ2d 1111, 1117 (Fed. Cir. 1991). The written description requirement is separate and distinct from the enablement requirement. *Id.*

35 U.S.C. § 112, ¶ 2

A claim is indefinite if, when read in light of the Specification, it does not reasonably apprise those skilled in the art of the scope of the invention. *Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 314 F.3d 1313, 1342, 65 USPQ2d 1385, 1406 (Fed. Cir. 2003). Specifically, if the scope of the invention sought to be patented cannot be determined from the language of the claims, the Specification or the teachings of the prior art with a reasonable degree of certainty, a rejection of the claims under 35 U.S.C. § 112, second paragraph is appropriate. *In re Wiggins*, 488 F.2d 538, 541, 179 USPQ 421, 423 (CCPA 1973).

35 U.S.C. § 102

“A person shall be entitled to a patent unless .... the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States” 35 USC § 102(b).

To anticipate a claim, a prior art reference must disclose every limitation of the claimed invention, either expressly or inherently. *Verdegaal Bros. v. Union Oil Co.*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987).

35 U.S.C. § 103

“A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” 35 USC § 103(a).

In determining whether claimed subject matter would have been obvious we take into consideration (1) the scope and content of the prior art, (2) any differences between the claimed invention and the prior art, (3) the level of skill in the art, and (4) any relevant objective evidence of obviousness or non-obviousness. *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1731, 82 USPQ2d 1385, 1389 (2007), *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17-18 (1966).

## **E. Analysis**

### *The 112, ¶¶ 1 and 2 rejections*

Simplification argues that the Examiner failed to follow the requirements for reexamination proceedings and that the rejections of claims 29-36 under 35 U.S.C. § 112, ¶¶ 1 and 2 were improper (FF 12). The Examiner argued that the amendatory language changed the scope of the claims 29-36 and therefore the rejection is proper (FF 13). We need not decide who is correct, since even considering the Examiner's rejections we cannot sustain the rejections made.

We first address the arguments made in the context of the written description requirement. The Examiner initially bears the burden to demonstrate that the Specification fails to provide written description support for the claimed invention. Inherent in that demonstration is that the Examiner clearly articulates a reason for making the rejection. *In re Piasecki*, 745 F.2d 1468, 1472 (Fed. Cir. 1984). In order to demonstrate that a claim term lacks written description support, the burden is initially on the Examiner to demonstrate that the inventor did not have possession of the claimed invention.

The Examiner argued that there is not a clear picture of the intended metes and bounds of the electronic collection of tax data wherein the tax data collected electronically is not collected manually or manually entered onto said electronic tax return as recited in claims 29-32 (FF 7(1)). The Examiner acknowledges that portion of the Specification that describes this feature, yet fails to explain why that description fails to convey to one of ordinary skill in

the art that the inventor had possession of the claimed feature. For example, the Specification states that “the invention eliminates the current requirement that a taxpayer manually collect the tax data, eliminates the current requirement that a taxpayer manually enter such tax data onto a tax return or into a computer...” (FF 9). That description is very similar to the claim language that the Examiner argues does not have written description support. Yet, the Examiner has failed to clearly articulate why the passage does not support the claim language.

The Examiner also argued that the Specification does not render a clear picture of the metes and bounds of the automatic and electronic collection of tax data. Again, the Examiner has failed to articulate in any meaningful way why the description discussed immediately above or that the Specification as a whole fails to convey to one of ordinary skill in the art that the inventor had possession of the claimed feature. For example, the Specification describes that once the tax payer provides account or identification data to the intermediary, the intermediary then may *electronically* search databases for the tax payer’s tax data (Specification col. 4:51-56), or the electronic intermediary may *electronically* contact and collect from the tax data providers the tax payer’s tax data (Specification col. 4:56-62). The Examiner has failed to clearly articulate why such descriptions fail to convey to one of ordinary skill in the art that the inventor had possession of automatic and electronic collection of tax data.

The Examiner also found that since the Specification describes that the invention may be implemented using existing software, such as TurboTax®,

that the demarcation between one off-the-shelf software program being integrated into another piece of software is not made clear by the Specification (FF 8). The Examiner's position is not persuasive. The Specification states that "step 13 can be implemented using a computer program *similar to* the computer programs currently available in the market place" such as TurboTax® (FF 9). The Specification makes clear that the software may be similar to what is available in the market place, but need not be exactly the same software.

In response to Simplification's arguments, the Examiner apparently agrees that the Specification *does* provide written description support for the electronic transmission of data and software processing using the data, but argues that the Specification fails to explain in detail how this is accomplished (FF 15).

Whether one of ordinary skill in the art can make or use a described invention, e.g., enablement, is a separate and distinct requirement of 35 U.S.C. § 112, ¶ 1. The test for enablement is based on undue experimentation, where several underlying factual findings need be made. *In re Wands*, 858 F.2d 731, 8 USPQ2d 1400. The Examiner has failed to make any such findings. We need not and will not speculate as to how the Examiner's rejections may possibly fit into an enablement scenario. The Examiner has the initial burden to succinctly articulate a rationale for rejecting the claims.

The Examiner's rejection of claims 29-36 based on the second paragraph of 35 U.S.C. § 112 is verbatim the same as the written description

rejection. In the context of 35 U.S.C. § 112, second paragraph, the Examiner has failed to explain why the scope of the invention sought to be patented cannot be determined from the language of the claims, the Specification or the teachings of the prior art with a reasonable degree of certainty, as required. *In re Wiggins*, 488 F.2d 538, 541, 179 USPQ 421, 423 (CCPA 1973).

As already discussed above, at the heart of the Examiner's rejections is that the Specification does not provide enough information such that one of ordinary skill in the art would be able to make or use the invention. However, whether a Specification conveys enough information to enable one of ordinary skill in the art to make or use an invention is a different and separate requirement from the written description requirement or the definiteness requirement. In that respect, and as already explained, the Examiner has failed to make the requisite findings to support the assertions made, e.g., that one of ordinary skill in the art would not know how to make or use the invention without undue experimentation.

*The prior art rejections*

The Examiner finally rejected all of the independent claims as being anticipated under 35 U.S.C. § 102(b) by Beamer and further supported by the disclosure of "It's W-2 Time." The Examiner relied on Beamer to teach collecting electronically tax data from said tax data provider.

An issue raised by Simplification is whether Beamer describes that the information collected from the tax data provider, e.g., bank, is "tax data." For the reasons that follow, the Examiner has failed to sufficiently establish that

Beamer describes that the information collected from the tax data provider, e.g., bank, is “tax data,” and therefore the rejection of all of the claims 1-20 and 29-36 is reversed.

In reviewing both the Examiner’s and Simplification’s arguments, it appears that both agree that “tax data” is data that is used to determine a tax payer’s liability (FFs 18 and 23), which is consistent with the Specification description of tax data (FF 25). The specification describes examples of “tax data” as IRS Forms W-2 from their employers and IRS Forms 1099 from their banks (FF 25). Simplification disagrees that Beamer describes that the information obtained from the bank, e.g., tax data provider, is data that is used to determine a taxpayer’s liability.

Simplification argues that the information obtained from the tax data provider, e.g., the bank, is described as “salary data” and that “salary data” does not indicate the net pay of the taxpayer, which is necessary to determine the taxpayer’s taxable income (FF 23). Specifically, Simplification argues that the Beamer bank record indicates the salary of the taxpayer. Simplification further argues that the bank record salary entry is the net pay of the taxpayer, and that the salary entry data would not include a taxpayer’s taxable income, or tax liability (FF 23).

We understand Simplification to argue that the information contained on a bank statement as described in Beamer would show a record of the amount of money directly deposited into a taxpayer’s account, which Simplification refers to as “salary data.” We further understand Simplification to argue that a monthly bank record showing the amount of



money directly deposited would not be “tax data” since one could not determine the taxable income from the data showing the amount deposited. Instead, Simplification maintains that Beamer’s direct deposit information is not useful information for determining a tax payer’s liability.

In support of the argument, Simplification directs attention to paragraph 3 of Beamer. That passage is as follows:

One day in the not-too-distant future Jan and Jim Smithwick will have their employers transmit their salaries electronically directly into their personal bank accounts. They will be able to download their bank records into their personal financial software. That program can then pass the information to a tax preparation program.

This passage tends to support Simplification’s argument that the only type of data that is specifically described is “salary” information, or the amount of money directly deposited into the taxpayer’s bank account from an employer. From the above passage, one would understand that what an employer is electronically directly transmitting to the Smithwick’s bank accounts is the amount of money owed to them from their employer. Such direct deposits are typically made on a weekly, bi-weekly or monthly basis. That amount would be after all tax deductions, retirement deductions, social security deductions, and any other deductions are made. There is no indication from the above passage that the amount deposited directly into the Smithwick’s account is the type of data that is typically used to determine one’s tax liability. For example, a monthly bank report showing direct deposits from an employer is a snap shot of what occurred in a given month

and would not be a complete accurate summary of a taxpayer's total net income for a year, information that would be found on a W-2 form, e.g., the type of data that the Specification describes as being "tax data." Even if the direct deposit salary amount on a bank statement is assumed to be passed to a tax preparation program that does not turn it into "tax data" without any demonstration that the tax preparation software indeed uses that data to determine one's tax liability.

The Examiner's response to Simplifications' argument is not sufficient to refute the Applicants' arguments. The Examiner is silent with respect to Simplification's specific argument that Beamer describes a monthly bank statement that would only include a direct deposit amount from an employer, and that such information would not be enough or helpful to determine a taxpayer's tax liability. Instead, the Examiner merely repeats what was stated in the rejection, e.g., that Beamer ultimately utilizes the downloaded bank statement information to electronically prepare a tax return. However, the Examiner has failed to direct attention to where in Beamer that the conclusion finds support, or explain how Beamer necessarily or inherently describes the feature. Such a conclusory response is not sufficient to overcome the argument made by Simplification and what Beamer describes in paragraph 3.

The Examiner argues that:

Completion of an IRS tax form is expressly disclosed by Beamer; therefore, by using data downloaded from a bank to complete the IRS tax form, said data qualifies as tax data since it

provides information that is required to complete one's tax return (FF 24).

The Examiner has failed to show that Beamer contemplates "using data downloaded from a bank to complete the IRS tax form" as argued. The Examiner places much emphasis on the following passage in Beamer to support the assertion that Beamer describes "tax data" e.g., data that can be used to complete a tax form.

Moneyline allows you to communicate directly with your bank's computer system. Many transactions can be directly fed by the bank's computer into Dollar & Sense accounts. This reduces the drudgery of retyping data, increases accuracy and gives convenient access to bank information at any time, not just when the statement arrives. (Beamer ¶26).

The references to "bank records" and "statement" from the above passage are not specific as to the type of data that is contained on the bank record or statement. The only reference to the type of data that may be contained on the record or statement is that of the money that is deposited into the Smithwick's bank account from their employer as previously discussed. The Examiner has also failed to demonstrate that the data collected from the bank must necessarily or inherently be tax data as argued (FF 24).

Beamer focuses on tax preparation. However, Beamer also focuses in detail on home accounting software too. There is approximately a full page of the three page article describing the general advantages of using a home accounting software program. Within that description is the above paragraph

that discusses the link between Moneyline and a home accounting software program. The downloaded bank information is to the home accounting or personal financial software, not directly to the MacInTax or tax software. As described in Beamer, home accounting software such as the Dollars & Sense software tracks data that is otherwise not relevant to a tax payer's tax liability. For example, direct deposit data, e.g., the amount of money that is deposited from an employer into an employee's bank account may be useful in the context of home accounting software, for the purpose of budgeting and paying one's bills, but is not the type of data that a tax payer uses to determine tax liability as already discussed. The home accounting software of Beamer tracks data that would appear to have nothing to do with a tax payer's tax liability. For example, Beamer describes manipulating the home accounting software files in preparation for determining tax liability. Beamer states that "[a]t tax time it is necessary to review all transactions one by one, making sure that each is in the correct category and correctly marked as *taxable or nontaxable*" (FF 22). That statement supports the notion that data collected through the home accounting software such as Dollars & Sense is not limited to tax data. Here, the Examiner has failed to sufficiently demonstrate that the data obtained from the bank is anything more than information that a taxpayer would use for household budgeting purposes, which data the Examiner has failed to demonstrate would in fact be used to determine a tax payer's tax liability.

For all of these reasons, the Examiner's determination that the data collected from the bank must necessarily or inherently be data that is used to process a tax payer's liability is not supported by record evidence.

As applied by the Examiner (FF 26 and 27) none of the other references make up for the deficiencies of Beamer.

For all of these reasons, we will not sustain the Examiner's rejection of the claims based on the prior art of record.

#### **F. Decision**

Upon consideration of the record, and for the reasons given, the Examiner's rejections are reversed.

The Examiner's rejection of claims 29-36 under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement is reversed.

The Examiner's rejection of claims 29-36 under 35 U.S.C. § 112, second paragraph, as being indefinite is reversed.

The Examiner's rejection of claims 1, 2, 6, 8-10, 14, 15, 17-20 and 29-36 under 35 U.S.C. § 102(b) as being anticipated by Beamer as further supported by "It's W-2 Time" is reversed.

The Examiner's rejection of claims 3-5, 7 and 16 under 35 U.S.C. § 103(a) as being unpatentable over Beamer and further in view of "It's W-2 Time" is reversed.

The Examiner's rejection of claims 11-13 under 35 U.S.C. § 103(a) as being unpatentable over Beamer, "It's W-2 Time," Meadows and "Electronic Tax Payment Through TAXLINK Discussed in IRS Procedure" is reversed.

Appeal 2007-0712  
Application 90/006,713

REVERSED

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# **ATTACHMENT C**

The opinion in support of the decision being entered today was *not* written for publication and is *not* binding precedent of the Board.

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* SIMPLIFICATION, LLC

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Appeal 2007-0518  
Reexamination Control 90/006,969<sup>1</sup>  
Patent 6,697,787  
Technology Center 3600

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Decided: July 31, 2007

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Before JAMESON LEE, SALLY C. MEDLEY, and JAMES T. MOORE,  
*Administrative Patent Judges.*

MEDLEY, *Administrative Patent Judge.*

**DECISION ON APPEAL**

**A. Statement of the Case**

This appeal under 35 U.S.C. §§ 134 and 306 is from a final rejection of claims 1-18 and 31-40. We have jurisdiction under 35 U.S.C. § 6(b).

The prior art relied upon by the Examiner in rejecting the claims on

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<sup>1</sup> Application for patent filed 15 March 2004.



appeal is:

Scott Beamer, *A Marriage of Convenience*. (*MacInTax, MacMoney, and Dollars & Sense for tax preparation and planning*), MacUser, v3, n3, p 102(4) (March 1987).

*It's W-2 Time – But This Year There's a Better Way to Do your Taxes*, PR Newswire, (February 1987).

Claims 31-40 stand rejected under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement.

Claims 31-40 stand rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 1-3, 5, 10, 31, 32, 34, 35, and 37-40 stand rejected under 35 U.S.C. § 102(b) as being anticipated by Beamer as further supported by “It’s W-2 Time.”

Claims 4, 6-9, 11-18, 33, and 36 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Beamer and further in view of “It’s W-2 Time.”

### *The Invention*

The invention relates to a system and method for collecting and processing tax data. A tax payer provides information to an electronic intermediary. The information provided may include, for example, the tax payer’s social security number, so that the electronic intermediary may electronically search databases for the tax payer’s tax data (Specification col. 4:51-56). Alternatively, the tax payer may provide account access

information to the electronic intermediary so that the electronic intermediary may electronically contact and collect from tax data providers the tax payer's tax data (Specification col. 5:50-65).

The electronic intermediary electronically processes the collected tax data to determine the tax payer's tax liability. The electronic intermediary prepares a tax return using the processed data.

*Procedural Posture and related Proceedings*

On 24 February 2004, patentee (hereafter "Simplification"), the real party in interest of U.S. patent 6,697,787 ('787) filed a patent infringement action against Block Financial Corporation ("Block") in the United States District Court for the District of Delaware based on U.S. patent 6,697,787 ('787). On 15 March 2004, Block requested reexamination of '787. Reexamination was granted on 3 June 2004. The civil case was stayed pending the reexamination. Simplification appealed under 35 U.S.C. §§ 134 and 306 from a final rejection of claims 1-18 and 31-40. The appeal is the subject of this decision.

On 8 April 2003, Simplification filed a patent infringement action against Block in the United States District Court for the District of Delaware based on U.S. Patent 6,202,052 ('052), which is the parent of the involved reexamination application. On 11 July 2003, Block requested reexamination of the '052 patent, which reexamination was granted on 2 October 2003. The civil action was stayed pending the reexamination. Simplification appealed from a final rejection in that case, which is also before us and is decided in a separate, concurrently mailed paper.

**B. Issue**

1) The first issue before us is whether the Examiner has sufficiently demonstrated that claims 31-40 are unpatentable under the written description requirement of 35 U.S.C. § 112, ¶ 1?

For the reasons that follow, we conclude that the Examiner has failed to sufficiently demonstrate that claims 31-40 are unpatentable under the written description requirement of 35 U.S.C. § 112, ¶ 1.

2) Has the Examiner sufficiently demonstrated that claims 31-40 are unpatentable under 35 U.S.C. § 112, ¶ 2?

For the reasons that follow, we conclude that the Examiner has failed to sufficiently demonstrate that claims 31-40 are unpatentable under 35 U.S.C. § 112, ¶ 2.

3) The last issue before us is whether the Examiner has sufficiently demonstrated that there is a basis for rejecting the claims based on the prior art relied on by the Examiner?

For the reasons that follow, we conclude that the Examiner has failed to sufficiently demonstrate that there is a basis for rejecting the claims based on the prior art relied on by the Examiner.

**C. Findings of fact**

The record supports the following findings of fact as well as any other findings of fact set forth in this opinion by at least a preponderance of the evidence.

1. Claims 1-18 and 31-40 are the subject of this appeal.
2. Claims 1-18 are original '787 patent claims.

3. Independent claims 1, 10 and 15 are as follows:
  1. An apparatus for collecting tax data comprising:
    - means for connecting electronically an electronic intermediary to a tax data provider;
    - means for collecting electronically tax data from said tax data provider;
    - means for processing electronically said tax data collected from said tax data provider to obtain processed tax data; and
    - means for preparing electronically an electronic tax return using said processed tax data.
  10. A computer-readable medium embodying a computer program for collecting tax data, said computer program comprising code segments for:
    - connecting electronically an electronic intermediary to a tax data provider;
    - collecting electronically tax data from said tax data provider;
    - processing electronically said tax data collected from said tax data provider to obtain processed tax data; and
    - preparing electronically an electronic tax return using said processed tax data.
  15. A method for automatic tax data collecting by an electronic intermediary comprising:
    - connecting electronically said electronic intermediary to a tax data provider;

collecting electronically tax data from said tax data provider,  
wherein said tax data is reported on an Internal Revenue Service  
("IRS"), state, local, or foreign tax form;

processing electronically said tax data collected electronically  
from said tax data provider to obtain processed tax data; and

preparing electronically an electronic tax return using said  
processed tax data.

4. Each of claims 31-40 were first presented during reexamination.

5. Each one of claims 31-40 are independent claims.

6. Independent claims 31-40 are variations of and similar to the  
original independent claims 1, 10 and 15, but differ with the added language:

(1) "wherein said tax data collected electronically is not  
collected manually, and wherein said tax data collected electronically is not  
manually entered onto said electronic tax return" (claims 31-33, 39, and 40);

(2) the tax data is collected "automatically" (34, 35, and 36)

(3) "automatic" tax data collecting (recited in the preamble)  
(claim 37, 38, 39, and 40).

The 112, ¶ 1 and ¶ 2 rejections

7. The Examiner rejected claims 31-40 under 35 U.S.C. 112, ¶ 1,  
as the Specification allegedly does not provide the intended metes and  
bounds of:

1) the electronic collection of tax data wherein the tax data  
collected electronically is not collected manually or manually entered  
onto said electronic tax return (as recited in claims 31-33, 39 and 40)

(Final Rejection 8 and Answer 5);

2) the automatic and electronic collection of tax data (as recited in claims 34-38)

3) the tax data collected is reported on an internal revenue service, state, local or foreign tax form as recited in claims 33 and 36.

8. With respect to the last item, the Examiner poses several hypothetical questions regarding the limitation such as 1) do the claims require that the tax data expressly be reported and, if so, to whom? 2) if the scope of the claims necessitates an active reporting of the tax data on one of the recited forms, what is the extent of the data reported? 3) does the invention report the actual image data or an OCR version of the contents of an entire IRS tax form? (Final Rejection 6-9 and Answer 3-6).

9. The Examiner also argues that since the Specification describes that the invention may be implemented using existing software, such as TurboTax®, that the demarcation between one off-the-shelf software program being integrated into another piece of software is not made clear by the Specification (Final Rejection 7-8 and Answer 8 and 27).

10. Simplification's Specification states:

Hence, with the electronic collection of tax data as in step 12, the invention eliminates the current requirement that a taxpayer manually collect the tax data, eliminates the current requirement that a taxpayer manually enter such tax data onto a tax return or into a computer, and eliminates the need for all, or virtually all, intermediate hard copies of tax data, thereby saving paper, time, and cost.

In step 13, the electronic intermediary processes the tax data obtained electronically from the tax data providers in step 12. In the present invention, step 13 can be implemented using a computer program similar to the computer programs currently available in the market place, such as TurboTax, which is a registered trademark of Intuit, Inc. Although step 13 can be implemented with current technology, the current technology requires that the tax data and other information relevant to the taxpayer be inputted manually. With the present invention, this information is obtained as described above in steps 11 and 12. ('787 col. 6:23-41).

11. The Specification also describes the following:

Alternatively, the electronic intermediary can connect electronically with the IRS, and receive the tax data from the IRS. In this alternative embodiment, the tax data providers have already provided the tax data to the IRS and the electronic intermediary obtains the tax data from the IRS, and not the tax data providers. Further, the electronic intermediary can connect electronically with other taxing authorities possessing the taxpayer's tax data. In this case, the electronic intermediary receives the tax data from the taxing authorities instead of the tax data providers. ('787 col. 6:13-23).

12. The Examiner rejected claims 31-40 under 35 U.S.C. 112, ¶ 2 for the identical reasons articulated in connection with the 112, ¶ 1 rejection (Final Rejection 10-13 and Answer 7-10).

13. Simplification argues that the Examiner's rejections are improper since any rejection made under 35 U.S.C. 112, ¶ 1 should be limited to only the amended or added language (Br. 17-18).

14. The Examiner responded and argued that the amendments alter the scope of the claims as a whole and that the rejection is proper (Answer 22).

15. In response to Simplification's arguments, the Examiner agrees

that the Specification does provide support for the electronic transmission of data and software processing using the data, but argues that the Specification fails to explain in detail how this is accomplished (Answer 22-23).

*The rejection of Claims 1-3, 5, 10, 31, 32, 34, 35, 37-40 as being anticipated by Beamer and "It's W-2 Time"*

16. The Examiner relied on the "It's W-2 Time" article for the purpose of showing "various characteristics of MacInTax that are deemed to be inherent to the version of MacInTax described in Beamer."

17. Specifically, the Examiner relied on "It's W-2 Time" to demonstrate that the MacInTax described in Beamer performs all tax calculations on the computer (Final Rejection 14-16 and Answer 12-13).

18. The Examiner found that Beamer describes connecting electronically an electronic intermediary to a tax data provider and collecting electronically tax data from the tax data provider (Final Rejection 15-17 and Answer 12-17).

19. Specifically, the Examiner found with respect to independent claims 1, 10, 31, 32, 34, 35, 37-40 (directing attention to Beamer ¶¶ 3, 4, 6, 15, 16, 23, and 26) that:

The tax preparation software, e.g., MacInTax, can electronically connect to and download relevant financial information from a bank via a home accounting program, e.g., Dollars & Sense. This downloaded information is used to assist in completing one's tax return. Completion of an IRS tax form is expressly disclosed by Beamer; therefore, by using data downloaded from a bank to complete the IRS tax form, said data qualifies as tax data since it provides information that is required to complete



one's tax return (Final Rejection 15, 17, 19-20 and Answer 12, 14-15, 16-17).

20. The following is from ¶ 3 of Beamer:

One day in the not-too-distant future Jan and Jim Smithwick will have their employers transmit their salaries electronically directly into their personal bank accounts. They will be able to download their bank records into their personal financial software. That program can then pass the information to a tax preparation program.

21. Moneyline, the program that allows electronic access to a bank is described as follows:

Moneyline allows you to communicate directly with your bank's computer system. Many transactions can be directly fed by the bank's computer into Dollar & Sense accounts. This reduces the drudgery of retyping data, increases accuracy and gives convenient access to bank information at any time, not just when the statement arrives. (¶ 26).

22. Beamer describes Dollars & Sense as a home accounting program that keeps track of personal finances (¶ 1 and 6).

23. Beamer also describes the following with respect to home accounting software programs:

Grooming your files at the end of the year is a must. If your accounts balance at the end of the year, you are in pretty good shape but transactions can still be in the wrong categories. At tax time it is necessary to review all transactions one by one, making sure that each is in the correct category and correctly marked as taxable or nontaxable. It is best to empty out the "Misc." and "Cash" accounts as much as possible.

Hopefully, before tax time rolls around you will have been practicing with report templates all year. This is the most difficult part of using these programs, especially with MacMoney, because there are so many variables to deal with. You must make a year end report that will correctly summarize the tax data from your files. If you have been using the suggested tax accounts from the program, this shouldn't be too hard (Beamer ¶¶ 36 and 37).

24. Simplification argued that Beamer fails to describe that the tax data provider, e.g., the bank, provides tax data as follows:

Contrary to the assertion in the Final Office Action, the bank record and the salary deposit indicated by Beamer are **not** "tax data." Beamer teaches that the bank record indicates the salary of the taxpayer. Beamer, ¶ 3. This salary entry in the bank record is the net pay of the taxpayer. One of ordinary skill in the art of taxes would know that this salary entry, by itself, **neither** includes **nor** suggests the taxpayer's gross income, the tax withholdings taken from the taxpayer's gross income by the taxpayer's employer, and other deductions, such as, for example, retirement deductions, transportation deductions, and parking deductions, all of which are used to determine the taxpayer's taxable income. Further, one of ordinary skill in the art of taxes would know that, given that the employer withheld money from the taxpayer's income, the tax return including only the salary deposit indicated in the bank record of Beamer would be **incorrect** because that tax return would not include the taxpayer's taxable income. Only through **manual input**, then, could the taxpayer's taxable income be obtained. Hence, the downloaded bank record disclosed in Beamer, which indicates the salary deposit of the taxpayer, is **not** "tax data" because, by itself, the salary entry in the bank record cannot be used to prepare the tax return of the taxpayer. (Br. 34) (emphasis by Simplification).

25. The Examiner responded and argued that:

Beamer discloses that the tax preparation software, e.g., MacInTax, can electronically connect to and download relevant financial information from a bank via a home accounting program, e.g., Dollars & Sense (¶¶ 3, 4, 6, 15, 16, 23, 26). This downloaded information is used to assist in completing one's tax return. Completion of an IRS tax return is expressly disclosed by Beamer; therefore, by using data downloaded from a bank to complete the IRS tax form, said data qualifies as tax data since it provides information that is required to complete one's tax return. Beamer ultimately utilizes the downloaded bank statement information to electronically prepare a tax return, thereby addressing both the spirit and literal interpretation of the claimed invention. Furthermore, Patent Owner's independent claims recite "collecting electronically tax data from said tax data provider." Since the collected tax data is not referred to as "said tax data," it is not necessarily required that the collected tax data be the type of tax data expressly recited as possessed by the tax data provider. (Answer at 28-29).

26. The Simplification Specification gives examples of the type of data that is considered "tax data" as follows:

This information [data needed to compute the tax payer's liability] includes: IRS Forms W-2 from their employers; IRS Forms 1099 from their banks; each mutual fund in which interests are held, each broker in respect of dividends, interest and gross brokerage proceeds, and other persons from whom payments are received; IRS Forms 1098 in respect of residential mortgage interest paid; and canceled checks or other acknowledgments from charitable organizations ('787, col. 2:19-28).

Obviousness rejection

27. The Examiner rejected independent claims 15, 33 and 36, along with several dependent claims based on Beamer and further supported by

“It’s W-2 Time” as applied in the anticipation rejection.

28. The Examiner recognized that Beamer does not expressly describe collecting electronically tax data from a tax data provider, wherein the tax data is reported on an IRS state, local or foreign tax form (Final Rejection 22 and Answer 19).

29. Instead, the Examiner took official notice:

[t]hat it is old and well-known in the art of United States tax returns that the IRS Form 1099 summarizes information from a bank that a taxpayer needs to complete his/her tax return(s). For example, one version of the IRS Form 1099 includes data such as taxable interest earned on a bank account, i.e., information typically found on a bank statement. Beamer does not expressly teach that the downloaded tax data is expressly printed on an IRS Form W-2, 1098, or 1099; however, Beamer clearly lays the groundwork for electronically downloading tax-related data, such as a bank statement data (i.e., data that is typically listed on an IRS Form 1099), and then using this data for automatically and electronically performing the calculations necessary to file an electronic tax return (Final Rejection 22-25 and Answer 20-22).

#### **D. Principles of Law**

##### 35 U.S.C. § 112, ¶ 1

Adequate written description means that, in the Specification, the applicant must “convey with reasonable clarity to those skilled in the art that, as of the filing date sought, he or she was in possession of the [claimed] invention.” *Vas-Cath, Inc. v. Mahurkar*, 935 F.2d 1555, 1563-64, 19 USPQ2d 1111, 1117 (Fed. Cir. 1991). The written description requirement is separate and distinct from the enablement requirement. *Id.*

35 U.S.C. § 112, ¶ 2

A claim is indefinite if, when read in light of the Specification, it does not reasonably apprise those skilled in the art of the scope of the invention. *Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 314 F.3d 1313, 1342, 65 USPQ2d 1385, 1406 (Fed. Cir. 2003). Specifically, if the scope of the invention sought to be patented cannot be determined from the language of the claims, the Specification or the teachings of the prior art with a reasonable degree of certainty, a rejection of the claims under 35 U.S.C. § 112, second paragraph is appropriate. *In re Wiggins*, 488 F.2d 538, 541, 179 USPQ 421, 423 (CCPA 1973).

35 U.S.C. § 102

“A person shall be entitled to a patent unless .... the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States” 35 USC § 102(b).

To anticipate a claim, a prior art reference must disclose every limitation of the claimed invention, either expressly or inherently. *Verdegaal Bros. v. Union Oil Co.*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987).

35 U.S.C. § 103

“A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art

are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” 35 USC § 103(a).

In determining whether claimed subject matter would have been obvious we take into consideration (1) the scope and content of the prior art, (2) any differences between the claimed invention and the prior art, (3) the level of skill in the art, and (4) any relevant objective evidence of obviousness or non-obviousness. *KSR Int’l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1731, 82 USPQ2d 1385, 1389 (2007), *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17-18 (1966).

#### **E. Analysis**

##### *The 112, ¶¶ 1 and 2 rejections*

Simplification argues that the Examiner failed to follow the requirements for reexamination proceedings and that the rejections of claims 31-40 under 35 U.S.C. 112, ¶¶ 1 and 2 were improper (FF 13). The Examiner argued that the amendatory language changed the scope of the claims 31-40 and therefore the rejection is proper (FF 14). We need not decide who is correct, since even considering the Examiner’s rejections we cannot sustain the rejections made.

We first address the arguments made in the context of the written description requirement. The Examiner initially bears the burden to demonstrate that the Specification fails to provide written description support for the claimed invention. Inherent in that demonstration is that the Examiner clearly articulates a reason for making the rejection. *In re*

*Piasecki*, 745 F.2d 1468, 1472, 223 USPQ, 785, 788, (Fed. Cir. 1984). In order to demonstrate that a claim term lacks written description support, the burden is initially on the Examiner to demonstrate that the inventor did not have possession of the claimed invention.

The Examiner argued that there is not a clear picture of the intended metes and bounds of the electronic collection of tax data wherein the tax data collected electronically is not collected manually or manually entered onto said electronic tax return as recited in claims 31-33, 39 and 40 (FF 7(1)). The Examiner acknowledges that portion of the Specification that describes this feature, yet fails to explain why that description fails to convey to one of ordinary skill in the art that the inventor had possession of the claimed feature. For example, the Specification states that “the invention eliminates the current requirement that a taxpayer manually collect the tax data, eliminates the current requirement that a taxpayer manually enter such tax data onto a tax return or into a computer...” (FF 10). That description is very similar to the claim language that the Examiner argues does not have written description support. Yet, the Examiner has failed to clearly articulate why the passage does not support the claim language.

The Examiner also argued that the Specification does not render a clear picture of the metes and bounds of the automatic and electronic collection of tax data. Again, the Examiner has failed to articulate in any meaningful way why the description discussed immediately above or that the Specification as a whole fails to convey to one of ordinary skill in the art that the inventor had possession of the claimed feature. For example, the

Specification describes that once the tax payer provides account or identification data to the intermediary, the intermediary then may *electronically* search databases for the tax payer's tax data (Specification col. 4:51-56), or the electronic intermediary may *electronically* contact and collect from the tax data providers the tax payer's tax data (Specification col. 4:56-62). The Examiner has failed to clearly articulate why such descriptions fail to convey to one of ordinary skill in the art that the inventor had possession of automatic and electronic collection of tax data.

The Examiner also found that since the Specification describes that the invention may be implemented using existing software, such as TurboTax®, that the demarcation between one off-the-shelf software program being integrated into another piece of software is not made clear by the Specification (FF 9). The Examiner's position is not persuasive. The Specification states that "step 13 can be implemented using a computer program *similar to* the computer programs currently available in the market place" such as TurboTax® (FF 10). The Specification makes clear that the software may be similar to what is available in the market place, but need not be exactly the same software.

Lastly, the Examiner determined that tax data "reported on an Internal Revenue Service ("IRS"), state, local, or foreign tax form" as recited in claims 33 and 36 is not supported by the Specification. The Examiner poses several hypothetical questions regarding the limitation (FF 8). The questions are confusing and detract from any reasoned articulated explanation of why the Examiner finds that the inventor did not have possession of the claimed



feature. The Specification would appear to support the limitation and the Examiner has failed to explain otherwise. For example, the Specification describes that the electronic intermediary can connect electronically with the IRS and receive tax data from the IRS. The tax data is data that various tax data providers provide to the IRS (FF 11). The Examiner has failed to clearly articulate why the Specification fails to convey that the inventor had possession of the claimed feature.

In response to Simplification's arguments, the Examiner apparently agrees that the Specification *does* provide written description support for the electronic transmission of data and software processing using the data, but argues that the Specification fails to explain in detail how this is accomplished (FF 15).

Whether one of ordinary skill in the art can make or use a described invention, e.g., enablement, is a separate and distinct requirement of 35 U.S.C. § 112, ¶ 1. The test for enablement is based on undue experimentation, where several underlying factual findings need be made. *In re Wands*, 858 F.2d 731, 8 USPQ2d 1400. The Examiner has failed to make any such findings. We need not and will not speculate as to how the Examiner's rejections may possibly fit into an enablement scenario. The Examiner has the initial burden to succinctly articulate a rationale for rejecting the claims.

The Examiner's rejection based on the second paragraph of 35 U.S.C. § 112 is verbatim the same as the written description rejection. In the context of 35 U.S.C. § 112, second paragraph, the Examiner has failed to explain

why the scope of the invention sought to be patented cannot be determined from the language of the claims, the Specification or the teachings of the prior art with a reasonable degree of certainty, as required. *In re Wiggins*, 488 F.2d 538, 541, 179 USPQ 421, 423 (CCPA 1973).

As already discussed above, at the heart of the Examiner's rejections is that the Specification does not provide enough information such that one of ordinary skill in the art would be able to make or use the invention. However, whether a Specification conveys enough information to enable one of ordinary skill in the art to make or use an invention is a different and separate requirement from the written description requirement or the definiteness requirement. In that respect, and as already explained, the Examiner has failed to make the requisite findings to support the assertions made, e.g., that one of ordinary skill in the art would not know how to make or use the invention without undue experimentation.

In addition to the above, and with respect to claims 33 and 36, we cannot sustain the rejection for the following reasons. Claims 33 and 36 both recite "collecting automatically and electronically tax data from said tax data provider, wherein said tax data is reported on an Internal Revenue Service ("IRS"), state, local, or foreign tax form." The Examiner argues that the claim language is indefinite since the claim could properly be interpreted as requiring active reporting. Specifically, the Examiner asks whether the tax data is reported, and if so, by whom (FF 8). We disagree with the Examiner that the claim may be properly interpreted to require active reporting of tax data to anyone. Simplification argued, and we agree, that the phrase

“wherein the tax data is reported on an Internal Revenue (“IRS”), state, local, or foreign tax form” is merely descriptive of the type of tax data that is collected (Answer 22). Reported tax data is just data appearing on a tax form. The claim does not require active reporting of the data as argued by the Examiner. Our interpretation is supported by the description in the Specification (FF 11). It also does not matter who had placed the data on an IRS, state, local, or foreign tax form such that such data can then be collected as “reported.” The Examiner failed to rebut Simplification’s argument in this regard, and therefore, the rejection of the claims 33 and 36, under 35 U.S.C. 112, ¶ 2 is also without merit.

*The prior art rejections*

The Examiner finally rejected: (1) independent claims 1, 10, 31, 32, 34, 35 and 37-40 as being anticipated under 35 U.S.C. § 102(b) by Beamer and further supported by the disclosure of “It’s W-2 Time” and (2) independent claims 15, 33 and 36 as being unpatentable under 35 U.S.C. § 103 over Beamer and further supported by the disclosure of “It’s W-2 Time” and based on official notice taken by the Examiner. In both the anticipation and the obviousness rejections, the Examiner relied on Beamer to teach collecting electronically tax data from said tax data provider.<sup>2</sup>

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<sup>2</sup> Although the Examiner took official notice as to the different types of tax data that one could obtain from a bank, the Examiner in rejecting claims 15, 33, and 36 relies on Beamer to teach collecting tax data from a tax data provider, e.g., a bank (FFs 28 and 29). Thus, the issue with respect to claims 15, 33 and 36 is whether Beamer describes collecting tax data from a tax data provider.

An issue raised by Simplification is whether Beamer describes that the information collected from the tax data provider, e.g., bank, is “tax data.” For the reasons that follow, the Examiner has failed to sufficiently establish that Beamer describes that the information collected from the tax data provider, e.g., bank, is “tax data,” and therefore the rejection of all of the claims 1-18 and 31-40 is reversed.

In reviewing both the Examiner’s and Simplification’s arguments, it appears that both agree that “tax data” is data that is used to determine a tax payer’s liability (FFs 19 and 24), which is consistent with the Specification description of tax data (FF 26). The specification describes examples of “tax data” as IRS Forms W-2 from their employers and IRS Forms 1099 from their banks (FF 26). Simplification disagrees that Beamer describes that the information obtained from the bank, e.g., tax data provider, is data that is used to determine a taxpayer’s liability.

Simplification argues that the information obtained from the tax data provider, e.g., the bank, is described as “salary data” and that “salary data” does not indicate the net pay of the taxpayer, which is necessary to determine the taxpayer’s taxable income. Specifically, Simplification argues that the Beamer bank record indicates the salary of the taxpayer. Simplification further argues that the bank record salary entry is the net pay of the taxpayer, and that the salary entry data would not include a taxpayer’s taxable income, or tax liability (FF 24).

We understand Simplification to argue that the information contained on a bank statement as described in Beamer would show a record of the

amount of money directly deposited into a taxpayer's account, which Simplification refers to as "salary data." We further understand Simplification to argue that a monthly bank record showing the amount of money directly deposited would not be "tax data" since one could not determine the taxable income from the data showing the amount deposited. Instead, Simplification maintains that Beamer's direct deposit information is not useful information for determining a tax payer's liability.

In support of the argument, Simplification directs attention to paragraph 3 of Beamer. That passage is as follows:

One day in the not-too-distant future Jan and Jim Smithwick will have their employers transmit their salaries electronically directly into their personal bank accounts. They will be able to download their bank records into their personal financial software. That program can then pass the information to a tax preparation program.

This passage tends to support Simplification's argument that the only type of data that is specifically described is "salary" information, or the amount of money directly deposited into the taxpayer's bank account from an employer. From the above passage, one would understand that what an employer is electronically directly transmitting to the Smithwick's bank accounts is the amount of money owed to them from their employer. Such direct deposits are typically made on a weekly, bi-weekly or monthly basis. That amount would be after all tax deductions, retirement deductions, social security deductions, and any other deductions are made. There is no indication from the above passage that the amount deposited directly into the

Smithwick's account is the type of data that is typically used to determine one's tax liability. For example, a monthly bank report showing direct deposits from an employer is a snap shot of what occurred in a given month and would not be a complete accurate summary of a taxpayer's total net income for a year, information that would be found on a W-2 form, e.g., the type of data that the Specification describes as being "tax data." Even if the direct deposit salary amount on a bank statement is assumed to be passed to a tax preparation program that does not turn it into "tax data" without any demonstration that the tax preparation software indeed uses that data to determine one's tax liability.

The Examiner's response to Simplifications' argument is not sufficient to refute the Appellants' arguments. The Examiner is silent with respect to Simplification's specific argument that Beamer describes a monthly bank statement that would only include a direct deposit amount from an employer, and that such information would not be enough or helpful to determine a taxpayer's tax liability. Instead, the Examiner merely repeats what was stated in the rejection, e.g., that Beamer ultimately utilizes the downloaded bank statement information to electronically prepare a tax return. However, the Examiner has failed to direct attention to where in Beamer that conclusion finds support, or explain how Beamer necessarily or inherently describes the feature. Such a conclusory response is not sufficient to overcome the argument made by Simplification and what Beamer describes in paragraph 3.

The Examiner argues that:

Completion of an IRS tax form is expressly disclosed by Beamer; therefore, by using data downloaded from a bank to complete the IRS tax form, said data qualifies as tax data since it provides information that is required to complete one's tax return (FF 25).

The Examiner has failed to show that Beamer contemplates "using data downloaded from a bank to complete the IRS tax form" as argued. The Examiner places much emphasis on the following passage in Beamer to support the assertion that Beamer describes "tax data" e.g., data that can be used to complete a tax form.

Moneyline allows you to communicate directly with your bank's computer system. Many transactions can be directly fed by the bank's computer into Dollar & Sense accounts. This reduces the drudgery of retyping data, increases accuracy and gives convenient access to bank information at any time, not just when the statement arrives. (Beamer ¶26).

The references to "bank records" and "statement" from the above passage are not specific as to the type of data that is contained on the bank record or statement. The only reference to the type of data that may be contained on the record or statement is that of the money that is deposited into the Smithwick's bank account from their employer as previously discussed. The Examiner has also failed to demonstrate that the data collected from the bank must necessarily or inherently be tax data as argued (FF 25).

Beamer focuses on tax preparation. However, Beamer also focuses in detail on home accounting software too. There is approximately a full page of the three page article describing the general advantages of using a home accounting software program. Within that description is the above paragraph that discusses the link between Moneyline and a home accounting software program. The downloaded bank information is to the home accounting or personal financial software, not directly to the MacInTax or tax software. As described in Beamer, home accounting software such as the Dollars & Sense software tracks data that is otherwise not relevant to a tax payer's tax liability. For example, direct deposit data, e.g., the amount of money that is deposited from an employer into an employee's bank account may be useful in the context of home accounting software, for the purpose of budgeting and paying one's bills, but is not the type of data that a tax payer uses to determine tax liability as already discussed. The home accounting software of Beamer tracks data that would appear to have nothing to do with a tax payer's tax liability. For example, Beamer describes manipulating the home accounting software files in preparation for determining tax liability. Beamer states that "[a]t tax time it is necessary to review all transactions one by one, making sure that each is in the correct category and correctly marked as *taxable or nontaxable*" (FF 23). That statement supports the notion that data collected through the home accounting software such as Dollars & Sense is not limited to tax data. Here, the Examiner has failed to sufficiently demonstrate that the data obtained from the bank is anything more than information that a taxpayer would use for household budgeting purposes,



which data the Examiner has failed to demonstrate would in fact be used to determine a tax payer's tax liability.

For all of these reasons, the Examiner's conclusory assertion that the data collected from the bank must necessarily or inherently be data that is used to process a tax payer's liability is not supported by record evidence.

As applied by the Examiner (FF 16, 17 and 27-29), neither "It's W-2 Time" nor the official notice taken make up for the deficiencies of Beamer.

For all of these reasons, we will not sustain the Examiner's rejection of the claims based on the prior art of record.

#### **F. Decision**

Upon consideration of the record, and for the reasons given, the Examiner's rejections are reversed.

The Examiner's rejection of claims 31-40 under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement is reversed.

The Examiner's rejection of claims 31-40 under 35 U.S.C. 112, second paragraph, as being indefinite is reversed.

The Examiner's rejection of claims 1-3, 5, 10, 31, 32, 34, 35, and 37-40 under 35 U.S.C. § 102(b) as being anticipated by Beamer as further supported by "It's W-2 Time" is reversed.

Appeal 2007-0518  
Application 90/006,969

The Examiner's rejection of claims 4, 6-9, 11-18, 33, and 36 under 35 U.S.C. § 103(a) as being unpatentable over Beamer and further in view of the article "It's W-2 Time" is reversed.

REVERSED

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# **ATTACHMENT D**

*Simplification v.  
Block Financial Corp.*

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*Hearing  
October 31, 2007*

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Page 1

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

SIMPLIFICATION, )  
Plaintiff, )  
) C.A. No. 04-144-JJF

v. )  
BLOCK FINANCIAL CORP., )  
Defendant. )

Wednesday, October 31, 2007

11:14 a.m.

Courtroom 4B

844 King Street

Wilmington, Delaware

BEFORE: THE HONORABLE JOSEPH J. FARNAN, JR.

United States District Court Judge

APPEARANCES:

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BY: JULIE HEANEY, ESQ.

-and-

THE VENABLE FIRM

BY: PETER CURTIN, ESQ.

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Page 2

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[9]

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Page 3

[1] THE COURT: All right. So I got  
[2] your letters and I guess the October 1st date  
[3] passed. You want to tell me what — first,  
[4] announce your appearances.

[5] MS. GRAHAM: I'd be happy to do  
[6] introductions, Your Honor. Mary Graham on  
[7] behalf of Simplification. And with me today are  
[8] Peter Curtin from the Venable firm, who will be  
[9] addressing the Court, and my partner, Julie  
[10] Heaney.

[11] THE COURT: Good morning.

[12] MR. SHAW: Good morning, Your  
[13] Honor. John Shaw for Block Financial  
[14] Corporation. I have to my left Jeff Standley  
[15] from Standley Law Group, Mike Speed, also from  
[16] Standley Law Group, and my partner, Melanie  
[17] Sharp.

[18] MS. SHARP: Good morning.

[19] THE COURT: Good morning.

[20] Okay. So do you want to tell me  
[21] where we are?

[22] MR. CURTIN: Certainly, Your

[23] Honor. Good morning.

[24] THE COURT: Good morning.

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[1] MR. CURTIN: The status of the  
[2] case, what we have here, Your Honor, as you  
[3] likely know, is a situation where we have two  
[4] separate patent cases involving two patents  
[5] related to automated systems for tax  
[6] preparation. A method where you can sit at a  
[7] computer, reach out from that computer to a tax  
[8] data provider like the IRS, take that data back,  
[9] and automatically prepare a tax form.

[10] The first of those cases have been  
[11] pending before the Court for a little over four  
[12] years. The second case has been almost four  
[13] years pending.

[14] Both of those cases have been  
[15] stayed for upwards of three years for request  
[16] pending a re-examination. Those re-examinations  
[17] are now substantively over. The Board of Patent  
[18] Appeal issued its opinion the end of July  
[19] saying — upholding the validity of all the  
[20] claims of the patents saying that they had not  
[21] been proven invalid.

[22] The examiner, to our knowledge,  
[23] has not appealed from that decision. The  
[24] deadline has passed.

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1) And so, as far as Simplification,  
2) I believe, as far as Block knows, those claims  
3) of those patents are going to issue out of  
4) re-examination in the same form that they went  
5) in. There will not be changes.

6) For that reason, and given that's  
7) the status of the case and given the length of  
8) time that these have been pending,  
9) Simplification is coming before the Court to ask  
10) if these cases could be reopened and we get the  
11) ball rolling again to resolve these cases.  
12) Bring them to trial.

13) We're also asking the Court, we  
14) think it's appropriate, that these cases be  
15) consolidated before Your Honor. I think that  
16) may be one issue that we've got agreement from  
17) Block on.

18) You know, they're closely related  
19) patents. The second is a continuation of the  
20) first. So the specifications are identical.

21) And we think that it makes a lot  
22) of sense to consolidate those cases and move  
23) forward together in terms of timing. And I  
24) don't know if the Court's interested in

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1) addressing scheduling at this hearing, but we've  
2) had some discussions and we flushed out areas of  
3) agreement and disagreement.

4) I think Simplification would like  
5) to ask the Court to try to take these cases to  
6) trial within about a year, November 2008, or as  
7) soon thereafter as the Court's schedule will  
8) allow. Our reasoning for that, Your Honor, is  
9) simply that when the first case was pending  
10) before the Court, the judge, you gave a schedule  
11) of a 14-month schedule.

12) When the cases were stayed, I  
13) mean, some discovery had been done. There was  
14) still 11 months to go.

15) So we think based on that alone, I  
16) mean, this is very consistent. And it's a case  
17) that can readily be done within a year.

18) You have a second case added. You  
19) have a second patent that does add a little bit,  
20) require a little more discovery. But as I said,  
21) they're closely related patents, relatively  
22) simple language.

23) We believe it can be all done  
24) within a year. Given the length of time that

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1) these cases have been pending before the Court,  
2) we think that's appropriate.

3) THE COURT: All right. Thank you.

4) MR. STANDLEY: Your Honor, Jeff  
5) Standley for Block Financial. We think this is  
6) a little premature from the standpoint that a  
7) re-examination certificate has not yet issued  
8) out of the Patent Office.

9) I don't disagree with the state of  
10) events that was just described. But the  
11) agreement, the stipulation and order that was  
12) entered by the Court some time ago said that the  
13) case would be stayed until such time as  
14) re-examination certificate issued.

15) We don't know when that  
16) re-examination certificate will issue. It may  
17) come within a month. It may come six months  
18) from now. We really don't know when it will  
19) issue.

20) So we think it's premature in that  
21) context from the standpoint of the consolidation  
22) of the cases. When the time comes, we agree,  
23) they ought to be consolidated.

24) They're closely related patents,

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1) very closely related patents. The witnesses,  
2) the facts, patterns and so forth are very  
3) closely related.

4) When it comes time to talk about  
5) scheduling, we're not that far off from the  
6) other side. They're looking at about a year.  
7) We're thinking it's going to have to be about 16  
8) months when you factor everything in.

9) And, finally, Your Honor, I wanted  
10) to mention that we think this case may be one  
11) that is a good one for mediation. But I just  
12) toss that out if the Court has interest in that.  
13) We, Block Financial, certainly does.

14) THE COURT: Okay. We're going to  
15) go initially and look at November. Okay.

16) We're going to schedule trial in  
17) this case. And I understand the point about the  
18) certificate, but given the history of this case,  
19) if the certificate didn't come out for two  
20) years, we'd try this case. And we'd have the  
21) certificate come out.

22) It would come out. Whenever the  
23) certificate came out, it would come out.

24) Again, sometimes we do stay cases

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[1] when there's agreement. Typically, though, I'm  
[2] not inclined to do that, unless something in the  
[3] case tends to support a stay.

[4] The history of this case indicates  
[5] that this case is ready to be litigated. So I'm  
[6] going to schedule trial unless there's a  
[7] conflict for February of 2009, February 9th,  
[8] which is — I guess it looks like slicing the  
[9] difference, but it's more to be sure that you  
[10] all understand, because there's nothing else  
[11] scheduled in that block, that will be a firm  
[12] date. It won't go away.

[13] Where if I put you in November or  
[14] December or January, there's chances that you'd  
[15] be double scheduled where it will run into  
[16] another trial here. Here I have a clear ten-day  
[17] period.

[18] So February 9th is the trial date  
[19] 2009. I'll consolidate the cases.

[20] And I'll send you to mediation at  
[21] the same time in my order. And then I'll order  
[22] you to meet and confer and to submit a  
[23] scheduling order by the end of November of this  
[24] year, 2007.

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[1] With a period in there, hopefully  
[2] the — if you're going to use the magistrate  
[3] judges here, they'll be available in the time  
[4] frame that will accommodate you. If you're  
[5] going to go outside, did you have a thought on  
[6] how you're going to do this?

[7] MR. STANDLEY: Your Honor, we were  
[8] thinking of a magistrate here.

[9] THE COURT: Okay. So had you  
[10] discussed this at all about mediation?

[11] MR. CURTIN: Well, Your Honor, we  
[12] haven't actually discussed anything about  
[13] mediation. I think since — I mean, my  
[14] predecessor in the case might have discussed  
[15] something back in 2003. You know, we're not  
[16] opposed to the idea of mediation, ultimately.

[17] I'm not certain that right now we  
[18] have all the information that would be necessary  
[19] for discovery to make mediation meaningful or  
[20] reach decisions we have to. So I guess in terms  
[21] of the timing of mediation, I'm not — it  
[22] immediately might not be the best time for it.

[23] THE COURT: I'm not talking about  
[24] immediate. I just have to put a reference in

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[1] place.

[2] I don't really concern myself with  
[3] mediation, because I have to pretty much stay  
[4] focused on trials and all the things that you  
[5] like to bring up before you get to trial.

[6] MR. STANDLEY: Yes, Your Honor.

[7] THE COURT: I just want to tell  
[8] you — I just want to know if you wanted to go  
[9] to the Magistrate Judge or some outside  
[10] mediator? Are you okay going to the Magistrate  
[11] Judge, because that will be the reference —

[12] MR. CURTIN: I've had good results  
[13] with the Magistrate Judge here.

[14] MS. GRAHAM: We have another  
[15] magistrate, too. So, either one is fine.

[16] THE COURT: So I'll make a  
[17] reference to the Magistrate Judge of the  
[18] district. You can negotiate and put it where  
[19] you think it's appropriate after you have more  
[20] discovery or, you know, obviously you need some  
[21] discovery to be able to intelligently present  
[22] your case.

[23] Judge Stark has picked up kind of  
[24] an involved process for patent cases. So you'll

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[1] need some information to exchange, at least to  
[2] be able to get there. All I know, I'm going to  
[3] send you to the Magistrate Judge.

[4] My order after today on a  
[5] reference for mediation at a time to be arranged  
[6] with her or him.

[7] MS. GRAHAM: And, Your Honor,  
[8] should we assume, though, the case is going  
[9] forward and we should conduct discovery?

[10] THE COURT: Oh, this case is going  
[11] forward as of today.

[12] MS. GRAHAM: Thank you.

[13] THE COURT: That's why you have a  
[14] trial date. I'm going to give you time to work  
[15] out any differences.

[16] The only thing I'm asking is that  
[17] you get that order here by the end of November,  
[18] so we get any disputes resolved before the end  
[19] of the year.

[20] That way you've definitely got  
[21] 2008 to be doing what you've got to do. And  
[22] again, I'm not sure — so there's no confusion.

[23] The fact that document production  
[24] should occur, the remainder of fact discovery.

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1) No expert discovery until you have any Markman  
2) that you require.  
3) We'll do the Markman. Then you  
4) submit your expert reports after you get the  
5) construction.  
6) And then you go to the equivalent  
7) of attempting to shoot a hole in one, summary  
8) judgment. That's my new analysis.  
9) I decided you can get up and try  
0) as many times as you want from the tee, but  
1) understand the likelihood is like a hole in one.  
2) Having said all that, I'm looking  
3) for your order. Is there any questions,  
4) anything I can help you with?  
5) MR. CURTIN: One question we had,  
6) Your Honor, begging the Court's pardon is: We  
7) weren't certain whether or not what you just  
8) said envisioned a ruling on the Markman hearing  
9) before the expert report, initial expert reports  
0) can be issued.  
1) THE COURT: Yes, it does.  
2) MR. CURTIN: Okay.  
3) THE COURT: So you should put  
4) enough time. I typically say 45 to 60 days

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1) before expert reports.  
2) MR. CURTIN: Okay. But then --  
3) but we will have a date certain in that report  
4) for dates certain in the scheduling order for  
5) the reports to be due or --  
6) THE COURT: Give me that again.  
7) MR. CURTIN: I guess --  
8) THE COURT: You have a date  
9) certain for the Markman hearing. You have  
0) pretrial submissions for Markman.  
1) And then you will have -- you can  
2) schedule 45 to 60 days out your expert, the  
3) first expert report on the party with the  
4) opening burden.  
5) MR. CURTIN: Thank you, Your  
6) Honor.  
7) THE COURT: So 45 to 60 days. You  
8) can put firm dates in there, if you want.  
9) MR. CURTIN: Okay. Thank you.  
0) THE COURT: Is that helpful?  
1) MR. CURTIN: It is. Thank you,  
2) Your Honor.  
3) THE COURT: Did you have anything  
4) to follow-up on?

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(1) MR. STANDLEY: Nothing further,  
(2) Your Honor.  
(3) THE COURT: All right. Okay.  
(4) Thank you. We'll be in recess.  
(5) THE CLERK: All rise.  
(6) (Court was recessed at 11:33 a.m.)  
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(1) State of Delaware )  
(2) New Castle County )  
(3)  
(4)  
(5) CERTIFICATE OF REPORTER  
(6)  
(7) I, Heather M. Trtozzl, Registered  
(8) Professional Reporter, Certified Shorthand Reporter,  
(9) and Notary Public, do hereby certify that the  
(10) foregoing record, Pages 1 to 16 inclusive, is a true  
(11) and accurate transcript of my stenographic notes  
(12) taken on October 31, 2007, in the above-captioned  
(13) matter.  
(14)  
(15) IN WITNESS WHEREOF, I have hereunto set my  
(16) hand and seal this 30th day of November, 2007, at  
(17) Wilmington.  
(18)  
(19)  
(20)  
(21) Heather M. Trtozzl, RPR, CSR  
Cert. No. 184-PS  
(22)  
(23)  
(24)



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# **ATTACHMENT E**

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

SIMPLIFICATION LLC,	)	
	)	
Plaintiff,	)	
	)	
v.	)	C.A. No. 03-355 (JJF)
	)	C.A. No. 04-114 (JJF)
BLOCK FINANCIAL CORPORATION,	)	CONSOLIDATED
	)	
Defendant.	)	

**SCHEDULING ORDER**

The parties having satisfied their obligations under Fed. R. Civ. P. 26(f),

IT IS ORDERED that:

1. **Pre-Discovery Disclosures.** The parties will exchange by December 15, 2007 the information required by Fed. R. Civ. P. 26(a) (1) and D. Del. LR 16.2.
2. **Joinder of Other Parties.** All motions to join other parties shall be filed on or before February 8, 2008.
3. **Discovery.**
  - (a) Exchange and completion of contention interrogatories (other than based upon third party documents), identification of fact witnesses and document production (other than in response to third party subpoenas) shall be commenced so as to be completed by February 1, 2008. All fact discovery, including depositions, shall be completed by May 30, 2008.
  - (b) Interrogatories

~~Plaintiff proposes a~~ maximum of 35 interrogatories, including contention interrogatories, for each side.

~~Defendant proposes a maximum of 25 interrogatories, including contention~~

~~interrogatories, for each side.~~

(c) Maximum of 50 requests for admission by each side.

(d) Each side shall be limited to 16 depositions, excluding expert depositions.

Every 7 hours (or increment thereof) of deposition taken pursuant to Federal Rule of Civil Procedure 30(b)(6) shall count as one deposition. The Federal Rules of Civil Procedure shall otherwise govern deposition length and procedure in this action.

(e) Opening expert reports under Fed. R. Civ. P. 26 (a) (2) that relate to issues on which a party has the burden of proof are due on or before the earlier of 30 days following issuance of the Court's Markman ruling, or August 22, 2008. Rebuttal and other expert reports under Fed. R. Civ. P. 26 (a) (2) that relate to issues on which a party does not have the burden of proof are due 30 days after the due date for opening expert reports.

(f) Expert depositions shall commence no earlier than the day following service of rebuttal expert reports, and shall be completed 30 days thereafter.

#### **4. Non-Case Dispositive Motions.**

(a) Any non-case dispositive motion, along with an Opening Brief, shall be filed with a Notice of Motion. The Notice of Motion shall indicate the date on which the movant seeks to have the motion heard. The date selected shall be within 30 days of the filing of the motion and allow for briefing in accordance with the Federal and Local Rules. Available motion dates will be posted on the Court's website at [www.ded.uscourts.gov](http://www.ded.uscourts.gov).

(b) At the motion hearing, each side will be allocated twenty (20) minutes to argue and respond to questions from the Court.

(c) Upon filing of the Notice of Motion, a copy of said Notice shall be sent to Chambers by e-mail at: [jjf\\_civil@ded.uscourts.gov](mailto:jjf_civil@ded.uscourts.gov).

5. **Amendment of the Pleadings.** All motions to amend the pleadings shall be filed on or before February 8, 2008.

6. **Case Dispositive Motions.** Any case dispositive motions, pursuant to the Federal Rules of Civil Procedure, shall be served and filed with an opening brief on or before October 31, 2008. Briefing shall be pursuant to D Del. LR 7.1.2. No case dispositive motion may be filed more than ten (10) days from the above date without leave of the Court. The Court will issue a separate Order regarding procedures for filing summary judgment motions.

7. **Markman.** The parties request that a Markman hearing be held on June 20, 2008, <sup>at 2:30 p.m.</sup> ~~or as soon thereafter as the Court's schedule permits.~~ <sup>5 dk</sup> The parties shall identify and exchange claim terms to be construed by the Court on or before February 15, 2008, and exchange proposed claim constructions on before March 14, 2008. The parties shall serve and file opening claim construction briefs on or before April 29, 2008. The parties shall serve and file responsive claim construction briefs on or before May 19, 2008. The Court, after reviewing the briefing, will allocate time to the parties for the hearing.

8. **Applications by Motion.**

(a) Any applications to the Court shall be by written motion filed with the Clerk of the Court in compliance with the Federal Rules of Civil Procedure and the Local Rules of Civil Practice for the United States District Court for the District of Delaware (Amended Effective July 1, 2007). Any non-dispositive motion shall contain the statement required by D. Del. LR 7.1.1 and be made in accordance with the Court's December 15, 2006 Order on Procedures for Filing Non-dispositive motions in Patent Cases. Parties may file stipulated and

unopposed Orders with the Clerk of the Court for the Court's review and signing. The Court will not consider applications and requests submitted by letter or in a form other than a motion.

(b) No facsimile transmissions will be accepted.

(c) No telephone calls shall be made to Chambers.

(d) Any party with a true emergency matter requiring the assistance of the Court shall e-mail Chambers at: jif civil@ded.uscourts.gov. The e-mail shall provide a short statement describing the emergency.

9. **Pretrial Conference.** A pre-trial conference shall be held in accordance with the Local Rules on January 8, 2009, at 10:30 a.m. <sup>or</sup>

10. **Trial.** A two week jury trial shall commence at 9:30 a.m. on February 9, 2009, in Courtroom <sup>4B or</sup> ~~4A~~, J. Caleb Boggs Federal Building, 844 North King Street, Wilmington, DE 19801.

Date: December 7, 2007

Joseph A. Fama  
United States District Judge

# **ATTACHMENT F**





IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

SIMPLIFICATION LLC,	)	
	)	
Plaintiff,	)	
	)	
v.	)	C.A. No. 03-355 (JJF)
	)	C.A. No. 04-114 (JJF)
BLOCK FINANCIAL CORPORATION and	)	CONSOLIDATED
H&R BLOCK DIGITAL TAX SOLUTIONS,	)	
INC.,	)	
	)	
Defendants.	)	

**STIPULATION**

It is hereby stipulated by the parties, subject to the approval of the Court, that the dates for filing claim construction briefs set forth in paragraph 7 of the Scheduling Order (D.I. 49) shall be extended as follows:

Opening claim construction briefs                      May 13, 2008

Responsive claim construction briefs                      May 27, 2008

All other dates in the Scheduling Order shall remain the same.

The primary reason for this stipulation is that the parties are currently engaged in serious settlement discussions.

Counsel for the parties certify under Local Rule 16.5 that they have sent a copy of this request to their respective clients.

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

*/s/ Julia Heaney*

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*Attorneys for Defendants, Block Financial Corporation and H&R Block Digital Tax Solutions, Inc.,*

SO ORDERED this \_\_\_\_\_ day of April, 2008.

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UNITED STATES DISTRICT JUDGE